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ABSTRACT

Trends in the recruitment and hiring practices of U.S. private sector firms were examined by analyzing data from the following: a literature review; telephone discussions with representatives of 13 key national labor market intermediaries (outplacement, career management, job search, screening, and staffing service firms); telephone discussions with 12 individual firms identified as being high-performance work organizations (HPWOs); and focus groups with a total of 26 employers in 3 cities. Among the trends identified were the following: employers are increasingly using a strategic mix of different staffing methods; prerecruitment activities are receiving increased emphasis; internal hiring through promotion/reassignment is among the preferred methods of filling job openings; hiring the right person for the job is increasingly considered a high-stakes decision; practices to select among candidates after the initial screening include testing for specific job-related skills, staff leasing, assessing personality traits, and conducting targeted interviews; and firms identified as HPWOs tend to face fewer challenges in recruiting new workers. Implications for the private and public sectors were discussed. (Contains 247 references. Appendices contain summaries of the following: telephone discussions with labor market intermediaries; discussions with individual firms; and employer focus groups.) (MN)

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SOCIAL POLICY RESEARCH ASSOCIATES

CHANGES IN THE HIRING PROCESS:
NEW ACTORS, NEW PRACTICES, AND NEW CHALLENGES

FINAL REPORT
VOLUME I: FINDINGS AND IMPLICATIONS

October 31, 1995

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We also want to express our sincere appreciation to the individuals who talked with us in focus groups and individual telephone discussions about the hiring challenges faced by their firms and how their hiring practices are evolving to meet those challenges.

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PREFACE

In the current competitive international marketplace, U.S. companies are challenged to make hiring and staffing decisions that will help them build a productive and efficient workforce. The U.S. Department of Labor, Employment and Training Administration, has contracted with Social Policy Research Associates (SPR) in Menlo Park, California to study how private sector firms recruit and hire new employees and identify what emerging practices and procedures are being used by firms to meet their human resource needs.

Findings from this project will be used to inform public policy decisions as they relate to the human resource needs of the private sector and, particularly, how to support companies in their efforts to recruit, screen, and hire qualified workers.

This report summarizes findings from four distinct data collection activities, including: (1) a review of the literature, (2) telephone discussions with representatives of key national labor market intermediaries; (3) telephone discussions with individual firms identified as having high-performance workplace organizations or innovative hiring practices; and (4) focus groups with employers in three cities. The report has been submitted in two volumes. The first volume includes the integrated study findings and implications across each of the data sources described above. The second volume consists of separately bound appendices summarizing the information obtained from each data collection activity.

EXECUTIVE SUMMARY

STUDY OBJECTIVES AND RESEARCH QUESTIONS

New technologies and fundamental changes in the relationships between employers and employees have prompted a series of shifts in the process by which firms hire new workers and led to the development of new tools and procedures firms can use to meet their human resource needs. This study has been designed to provide DOL with information on recent changes in the hiring process. Specific study objectives include:

- To identify factors that are driving changes and innovations in the hiring process.
- To describe current private sector hiring practices and identify ways in which the traditional "seven-step hiring model" no longer represents these practices.
- To describe how hiring practices differ for different types of firms and different types of job categories.
- To describe the roles played by public and private labor-market intermediaries and how these roles are changing over time.
- To identify opportunities for the public sector to better support firms in achieving their hiring objectives.

Research methods included a review of the recent literature on hiring practices, telephone discussions with key national respondents representing labor market intermediaries and high performance firms, and focus groups with representatives from a wide variety of employers in three major cities.

SUMMARY OF FINDINGS

1. To meet the pressures of global competition and in response to widespread reengineering of the workplace, both large and small employers are increasingly using a strategic mix of different staffing methods, including:

   - Recruiting and hiring for long-term positions with attention to broad and flexible skills, interest in lifelong learning, and fit with company culture.
   - Hiring for specific functions using detailed job descriptions based on an analysis of the particular job functions and recruitment and screening

procedures designed to match candidates to specific tasks to be performed.

  - Using contingent hires or leased staff to perform functions that are seen as peripheral to the company's "core competencies."

2. Employer hiring practices—how "long-term" employees are recruited, hired, and trained—are increasingly determined by the overall staffing context. In many firms, the use of leased, temporary, or contract workers for some functions makes possible increased investment in long-term employees for other "core" company functions. Thus, the use of contingent workers indirectly influences how "core" employees are recruited and how their attributes are valued.

3. Pre-recruitment activities are receiving increased emphasis as the first step in the hiring process. Because of the increased use of cross-training and multi-tasking, and increased worker involvement in decision-making in the workplace, it is more difficult to describe the functions of specific jobs and the skills that are prerequisites to successful completion of these jobs. Human resources staff are having to work closely with work supervisors and department managers to redefine job descriptions and hiring criteria before they can effectively recruit and select qualified job candidates.

   - Within firms, human resources staff often struggle to educate managers about how to provide the data necessary to inform the hiring process.
   - For search firms and staffing services firms, a detailed analysis of the job function within the particular client firm is emerging as a prerequisite to providing appropriate referrals.

4. Internal hiring through promoting or reassigning existing employees is one of the preferred methods of filling new job openings in both large and small companies. Companies are using new technologies to improve the efficiency with which they advertise new job openings within the firm and elicit information about potential internal candidates.

5. Companies have found that inviting resumes from the general job-seeking public via job listings on the Internet is an effective way to generate responses from a large number of job seekers. However, this recruitment method does not have universal appeal, particularly among smaller firms, because it increases greatly the scale of the "downstream" tasks involved in screening resumes and selecting job finalists.

- Firms that are looking for individuals with specific technical skills as well as firms that require large numbers of new employees are using mass media, including on-line bulletin boards or the Internet, to recruit. They are also developing the tools needed to manage and screen the large number of responses generated. These tools include the design and maintenance of automated resume data bases, the use of resume screening procedures, and the use of automated interactive screening of job applicants by telephone.
- Firms that are interested in developing a core staff of long-term employees capable of performing a variety of functions or that hire smaller numbers of workers have found it more difficult to make effective use of these technologies. These companies are more likely to develop relationships with specialized referral sources or networks.
- Among the most enthusiastic users of the new technologies to advertise job openings to and screen resumes from the general public are the labor market intermediaries —including search firms and staffing services firms. These firms, which employ workers on an extremely large scale and which need to match workers to a wide variety of employers' needs, have developed and invested in the necessary resume screening and subsequent assessment and testing procedures to manage the large volume of responses from interested job seekers.

6. Hiring the right person for the job is viewed as more of a high-stakes decision than it was in the past. Employers want to avoid hiring "mistakes" and legal liability in the hiring process. A variety of specific hiring procedures are being used to minimize the likelihood of such mistakes. These include:

   - Conducting targeted recruitment using known sources that offer (formally or informally) screened candidates. These sources include professional associations, educational/training institutions, outplacement firms, and research or search firms and non-profit organizations. Some firms prefer to network informally for screened candidates without paying a search fee; others prefer to work with an agency on a retainer or contingency fee basis.
   - Assessing fit between job candidates' personal workstyles and firms' corporate culture by developing interview protocols that probe for styles of problem solving and by having worksite supervisors and co-workers participate in final interviews.
   - Conducting background checks of final job candidates. Companies are increasingly paying screening firms to perform these checks (e.g., of the accuracy of education, licensing, previous work experience, and relevant personal history).

- **Hiring workers through staffing services agencies is also viewed as an effective way to shield the firm from legal liability with regard to the hiring process, to ensure compliance with equal opportunity guidelines and the Americans with Disabilities Act (ADA), for example, and from responsibility for terminating employees who are not "a good fit" for their firms.**

7. Companies have developed a wide variety of practices to select among job candidates who have passed the first screen or are identified through targeted recruitment.

    - Testing for specific job-related skills is a routine part of the screening process for some firms and for some jobs, but is not universally emphasized. Some firms feel that if a candidate has the desired aptitudes and personality traits but is lacking in certain skills, then it is preferable to invest in post-hiring training to provide or improve specific job skills.
    - Staff leasing firms have invested in detailed assessment tests based on simulated work tasks to identify aptitudes and skills. Rather than screening out job applicants, they use these tests as diagnostic tools to match workers to specific job assignments and to help applicants determine how to enhance their skills through pre-employment training.
    - Some companies assess personality traits and attributes by using standardized tests or psychological assessments. Other firms do not feel that the results of such tests are valid or reliable. Instead, they tend to rely on job interviews and information about previous work experiences to assess these qualities.
    - Human resource staff consider good interviewing the key to the hiring process, but differ in their opinions about whether this skill is an "art" or a "science," and about how to strengthen interviewing skills among all participants in the hiring process. Some firms have turned to consultants to develop "targeted interview" protocols that yield a numerical score, to increase the objectivity of assessments based on interviews.

8. Firms identified as having high-performance workplace organizations tend to face fewer challenges in recruiting new workers than other firms because they tend to have lower employee turnover and invest in continuous retraining and reassignment of existing workers to meet changing skill requirements. High-performance firms also tend to have long waiting lists of individuals interested in working for them.

- Because of these factors, high-performance firms tend to emphasize targeted recruitment and screening for general attributes rather than recruitment from the general public.
- They offer trend-setting practices in designing working conditions and job offers that will attract high caliber candidates, including such emerging practices as job-sharing, flexible working hours or telecommuting, work-site child care, health care incentives, and other work-related benefits. Such benefits contribute to their low rates of employee turnover.

9. Both pre- and post-hiring training are receiving greater emphasis as part of the hiring process.

- Many companies have developed extensive orientation programs and training courses to orient new employees to their company culture before they begin work or to provide needed skills on an ongoing basis.
- Staffing services firms have also emerged as important pre-hiring training providers for workers in a number of occupations. They offer their employees access to training for skills enhancement both prior to placement and between assignments.
- Through staffing leasing or outsourcing arrangements, staffing services firms often take total responsibility for orienting, training, and supervising leased workers.

IMPLICATIONS FOR THE PRIVATE SECTOR

1. The size, formal training, and level of staff responsible for hiring and staffing varies dramatically from firm to firm, varying with workforce size, frequency of hiring, and the placement of the human resources function within the business management hierarchy. Particularly in smaller firms, the staff responsible for the hiring process would often benefit from access to good information about current trends in hiring and from increased training for the staff responsible for the hiring function. Relevant information and training topics include:

- Information about the range of possible hiring objectives, tools, and practices.
- Information about specific hiring procedures.
- Specific hiring-related skills, such as testing or interviewing skills.
- Information about the services available from labor market intermediaries.

2. Many companies would benefit from analyzing their hiring process to see how well their current practices facilitate their stated hiring goals. Particular areas of the internal hiring function that would benefit from examination include:
    - Decisions about whether and how to use contingent workers to supplement work performed by long-term employees.
    - How much to invest in different recruitment and screening practices.
    - How the use of labor market intermediaries might help the firm achieve its hiring goals.
3. The private sector as a whole would benefit from increased networking and information sharing on how to improve the effectiveness of corporate hiring practices among human resources professionals and between human resources networks and representatives of intermediary firms.

IMPLICATIONS FOR THE PUBLIC SECTOR

1. Public sector actors in the labor-exchange and workforce development arena would do well to learn from the customer-oriented services offered by private labor market intermediaries. To improve their image and develop more productive relationships with private sector employers, public sector agencies might consider developing collaborations with private sector intermediaries.

2. The idea of marketing an automated "talent bank" to employers is likely to be of most interest to labor market intermediaries, which are equipped to scan large numbers of resumes to stock and replenish their pools of contingent workers. Individual firms that are currently using targeted "sourcing" from lower cost sources, such as informal networking with educational institutions and professional associations, would probably see little immediate advantage in switching to this procedure because it would substantially increase the number of unscreened resumes they would have to consider.

3. Although larger firms tend to have access to a wide variety of private sector labor market intermediaries, smaller firms and firms with limited resources may have only limited access to expert assistance in the hiring process from such intermediaries. Public sector agencies may be have an important role in assisting these firms in gaining access to needed assistance, either by brokering or directly providing relevant services.

4. To improve the services provided to individual job seekers, public sector agencies need to help individuals understand the increased variety of work settings in which work is available and the potential advantages and disadvantages of working as an independent consultant vs. temporary worker vs. "regular" company employee.

5. Public employment service agencies need to prepare job seekers for the types of recruitment and screening practices they are likely to encounter in the private sector.

6. Changes in public policy and individual attitudes will be necessary to adapt to the new paradigm of periodic job shifts and flexible work assignments and the decline of "permanent" jobs. A wide range of public and private workforce development programs will have to be redesigned to encourage and facilitate continuous access to training and reemployment services. Rather than viewing a layoff as the crisis event that triggers entry into reemployment services, both the public and private sectors will need to market skills enhancement services on a continuous basis. Individual workers will also have to take increasing responsibility for maintaining their employability over time through ongoing training and staff development both during periods of employment and between jobs.

7. Changes in hiring and staffing practices may result in an increasingly divided labor force. On the one hand, economically secure "core workers" will have access to skills enhancement opportunities and other benefits—including health insurance—through their employers. One the other hand, contingent workers will most likely be responsible for securing education, training and other benefits independently. The public sector may need to play a role in assisting the latter group with skills enhancement and other support services so that they can attain, maintain and increase their employability over time.

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I INTRODUCTION

STUDY OBJECTIVES AND RESEARCH QUESTIONS

As part of an overall effort to increase customer awareness of, and satisfaction with, public workforce development services, the U.S. Department of Labor (DOL) and its state employment security agency partners are currently reexamining their roles as labor market intermediaries. A number of states are currently undertaking efforts to "revitalize Job Services" to identify and implement program improvements that will do a better job of matching job seekers to employers seeking new workers. In addition to improving services to employers and job seekers who currently use the public Job Service, many of the states involved in the revitalization initiative are also interested in attracting new groups of users that may not be active customers at present, including employers interested in workers with advanced technical skills and job-seekers with the qualifications and experience needed for high-skilled jobs.

To design public employment services that will be attractive to current and potential customers, DOL and state employment security agencies need to have an accurate understanding of how private sector firms set hiring goals and objectives, what procedures they use in the hiring process, and how the services firms currently secure from various labor market intermediaries support their hiring objectives. Furthermore, given the rapid change in hiring practices—characterized by the introduction of new technologies for the recruitment and screening of job candidates as well as by important changes in the relationships between employers and workers—DOL needs to be able to predict what services will help link employers and job seekers five and ten years from now, and identify the skills job seekers will need to make themselves marketable.

This study has been designed to meet these needs by providing information about current trends in private sector hiring practices. Among the specific study objectives are the following:

- To identify factors that are driving changes and innovations in the hiring process.
- To describe current private sector hiring practices, assess how well practices match the seven-step model of the "traditional hiring process," and suggest needed modifications to the model.
- To describe variations in the hiring practices used for different types of job categories and by different types of firms.

- To describe the roles played by public and private labor market intermediaries in the hiring process and how these roles are changing over time.
- To identify opportunities for the U.S. Department of Labor to better support firms in achieving their hiring objectives.

To guide the furtherance of these objectives, we identified the research questions summarized in Exhibit I-1, which we have addressed using the study methods described below.

STUDY METHODS

As requested by DOL, the study has utilized three distinct data collection methods: (1) a review of the recent literature on hiring practices, (2) telephone discussions with key national respondents representing labor market intermediaries and high performance firms, and (3) focus groups with representatives from a wide variety of employers in three major cities.

These data collection methods were designed to be complementary. The literature review was designed to provide an overview of the traditional hiring process as well as an understanding of how hiring practices are evolving and how emerging trends in the work place are driving changes in hiring practices. The telephone discussions with key respondents were designed to provide up-to-the-moment confirmation of current hiring practices and information about how potential trendsetters in the hiring field—high performance firms and large national labor market intermediary firms—have designed their hiring services and practices. The focus groups were intended to provide an opportunity to hear from a wide variety of firms about the hiring challenges they face and the hiring practices and tools they use to meet their firms' hiring needs. Across all data sources, we looked for examples of what was working well (trend-setting practices) as well as examples of self-identified problems in the hiring process (opportunities for improvement).

Literature Review

To complete this literature review, we identified and reviewed a large body of recent literature on employer hiring, including academic journals and texts, professional journals from the human resources field, journals and newsletters circulated by specific industry associations, and recent "mass market" books describing key trends in corporate hiring and management practices. Newspaper articles and articles from local

Exhibit I-1

Research Questions Addressed by the Study

- How do current employer hiring practices compare to the seven step model of the "traditional hiring process?"
  - How adequately does the model describe current hiring strategies and approaches?
  - What particular aspects of the seven-step model need to be updated and why?
- What factors are driving current changes in employer hiring practices?
  - How are changes in hiring objectives (e.g., an increased emphasis on aptitudes and personal traits rather than, or in addition to, specific skill sets) affecting employer hiring practices?
  - How are changes in the nature of the relationship between employers and workers (e.g., the increased use of temporary and leased workers) affecting employer hiring practices?
  - How are new hiring technologies (e.g., on-line job listings, resume banks, and automated resume screening software) affecting employer hiring practices?
- How do hiring practices differ for:
  - Large and small firms?
  - Blue-collar and white collar jobs?
  - Entry-level jobs versus jobs requiring more advanced skills or experience?
  - Companies that promote high-performance workplace organization versus firms with more traditional organizational structures and management practices?
- What are the different stages in the hiring process and how do firms accomplish these different stages?
  - How is the hiring process organized and staffed within private sector firms? What are the roles of HR staff versus managers/workers from operational departments in the hiring process?
  - To what extent do firms use labor market intermediaries in each of the stages of the hiring process? How do firms interact with the intermediaries in carrying out the hiring process? How satisfied are they with the services obtained from labor market intermediaries?
  - How satisfied are firms with each stage of the hiring process? What do they identify as the strongest and the weakest elements of their hiring practices?
- What are the opportunities for the U.S. Department of Labor and its state employment security agency partners to improve their public labor exchange functions?
  - How can DOL support firms in addressing current weak points in the hiring process?
  - How should DOL respond to emerging shifts and trends in private sector hiring practices?

business journals or periodicals were also used selectively to document specific hiring "stories."

Our search procedures included looking for information relevant to hiring practices using a nested series of topics of increasing specificity. The broadest set of topics searched included: (1) trends in corporate reengineering and organizational restructuring; (2) the use of alternate hiring arrangements, including the use of temporary or contract labor; and (3) management practices related to high performance workplace organization or other innovative management styles. While each of these topics extends far beyond the boundaries of the hiring process, the literature on each of these topics makes frequent references to changing hiring strategies and practices and how hiring practices are affected by recent changes in the workplace. By casting this broad net around the subject of hiring, we also learned that hiring new workers and training existing workers are emerging as closely linked issues for both corporate strategic planning and the operation of the human resources function within firms.

The next set of topics searched included discussions of the hiring process as a whole, for specific types of firms or in specific industries. While some of the literature on this level is descriptive, providing examples of varying hiring strategies or procedures used by specific firms, other examples from this literature consist of guides or technical assistance materials developed by consultants or labor market intermediaries to assist companies in organizing, designing, or improving their hiring procedures. We also researched topics on the different types of labor market intermediaries and how they intervene in the hiring process. Specific topics included the services offered by career development firms, placement agencies, outplacement agencies, research firms, and staff leasing firms. As described in the findings section of this report, we found that many of these labor market intermediaries are currently re-examining and reshaping their services to meet changing employer hiring needs.

The most specific level of topics researched included topics related to a particular aspect or phase of the hiring process, such as recruitment/job posting, resume screening, interviewing, testing, reference checking, and extending offers of employment.

Findings from the literature review have been integrated into the discussion of changes in employer hiring practices in Chapter 2. References within the text to specific literature sources are linked to a complete bibliography included at the end of this report.

Telephone Discussions with Key Respondents

The study used telephone discussions with key respondents to validate the findings from the literature review, identify regional variations in hiring practices, suggest local labor markets for the employer focus groups, and identify practices identified as innovations and trend-setting practices in the hiring process.

The first group of telephone discussions was conducted with representatives from a variety of private labor market intermediary firms. We conducted discussions with the following types of labor market intermediaries: career management/career development firms, outplacement firms, search firms, research firms, firms that offer testing and screening services, and staffing services firms. Initial respondents were selected from national industry leaders (e.g., Manpower, Olsten, and Kelly Services among the staffing services firms and Lee Hecht Harrison, Right Associates, and Drake Beam Morin, Inc. among the outplacement firms). Additional respondents were added as suggested by previous respondents, through a "snowballing" networking technique.

Exhibit I-2 summarizes the range of topics covered with the key respondents from labor market intermediary firms. Respondents provided valuable information about how they view changing private sector hiring practices and how their firm and other labor market intermediaries assist private firms in the hiring process. Findings from the discussions with labor market intermediaries have been integrated into the discussion of changes in employer hiring practices in Chapter 2. Appendix A describes the different types of labor market intermediaries and summarizes the telephone discussions with individual respondents. (The appendices are bound separately as Volume II of this report.)

The second group of telephone discussions was conducted with representatives from individual firms that were identified as high-performance firms or firms having particularly innovative hiring practices or innovative management practices that influenced the hiring process. A total of twelve telephone discussions were completed, seven with firms that had been identified as high-performance firms by DOL or by the key national labor market intermediaries, and five with firms that had emerged from the literature review as having particularly innovative human resources management and hiring practices.

Exhibit I-2

Topics Covered in Telephone Discussions with Labor Market Intermediaries

- Range of hiring/placement services provided by respondent agency
- Types of clients/how agency is paid for services (e.g., paid by job seekers or employers; paid for "placements" or services rendered)
- How market for labor market intermediaries' services is changing; what types of firms are using available services
- Overview of how firm hiring practices are changing nationally and why
  - How firms' hiring objectives are changing (e.g., screening for knowledge/skills versus aptitudes or attitudes)
  - Use of on-line bulletin boards or Web sites to announce job openings
  - Retrieving resumes from automated data bases to identify potential employees
  - Automated resume scanning
  - Use of pre-interview testing/screening
  - Innovations in the interview process
  - Involvement of managers/coworkers in the hiring process
  - Use of pre-employment training
  - Use of contingent workers (e.g., temporary workers, contract employees, leased staff)
- Overview of firms and hiring practices in the focus group cities
  - Description of key industries/employers in local labor markets
  - Descriptions of firms with hiring practices to go beyond the traditional 7-step model
  - Suggestions of how to generate list of target firms for focus groups; nominations of firms
- Predictions about the future of employer hiring practices/role of labor market intermediaries

To identify high-performance firms, we used the criteria set forth in *Road to High Performance Workplaces* prepared by DOL's Office of the American Workplace. (U.S. Department of Labor, 1994). These criteria include: (1) a commitment to ongoing training of workers in broad as well as specific skills, (2) efficient and open information-sharing across all employees, (3) an emphasis on worker participation in decision making and the use of work teams, (4) collaboration and joint accountability between workers and managers, and (5) the provision of supportive and safe work environments. We also selected some of the telephone respondents from the Office of the American Workplace's electronic database describing 63 high-performance firms.

Discussions with individual firms covered a range of topics related to company hiring practices. The overall topics were very similar to the topics covered in the focus groups, but the discussion format permitted us to develop a more coherent picture of how the human resources function was organized within the firm, the firm's hiring objectives, how specific hiring practices were designed to further these objectives, and how well current hiring practices are working. Findings from the telephone discussions with key firms have been integrated into the discussion of findings in Chapter 2. Appendix B reproduces notes from the telephone discussions with individual firms.

Employer Focus Groups

The most challenging data collection activity in terms of the underlying logistics was the design, planning, and conduct of employer focus groups in three cities. We selected Atlanta, Dallas, and Chicago as the sites for the employer focus groups. Initial reconnaissance activities with key informants in each of these sites—consisting of discussions with chambers of commerce staff, business journal research staff, and branch offices of national career development, outplacement, and staffing service agencies--confirmed that each of these cities offered:

- The potential for participation by employers representing a range of different industries.
- A generally expanding local economy that supported company hiring in significant numbers.
- Corporate headquarters of national firms that could offer information about company hiring practices throughout the U.S.
- The presence of firms utilizing non-traditional hiring practices, including the use of new hiring technologies and hiring to support "reengineered" organizational structures.

Two focus groups were scheduled during early August in each of the target cities, for a total of six focus groups. To identify potential target group participants, we selected firms randomly from a national business database called Ward's (developed by Gale Research in Detroit, Michigan) and supplemented these with firms described as "high performance" firms by the literature or by key local informants. The initial sample of invitees was stratified by company size (30 to 100 employees, 101 to 500 employees, and over 500 employees) and sorted to ensure variation in the firm's primary industry (SIC) code. In Chicago, which had the highest proportion of manufacturing firms, we tried to specialize the focus groups, by inviting companies in manufacturing and other industries with heavy representation from blue-collar workers to the morning focus group and inviting companies in white collar industries to the afternoon focus group. In the other two cities, we assigned firms randomly to the morning and afternoon sessions.

Approximately 60 firms were invited to each focus group in an effort to secure representation from 8 to 10 firms in each session. Firms were initially invited by letter, using a cover letter that was printed on official DOL letterhead and that emphasized the importance of the study and invited companies to participate. We invited each firm to send several representatives to represent different aspects of the hiring process within the firm, if appropriate. A series of follow-up telephone calls were made to human resources managers in the targeted firms, encouraging them to attend.

Attendance at the focus groups was disappointing. Although, a total of 16 individuals representing 14 firms registered for the Atlanta focus groups, only 11 individuals representing 8 firms actually attended. In Chicago, 12 individuals representing 8 firms registered, and 9 individuals representing 7 firms attended. In Dallas, 13 individuals from 11 firms registered, and 7 individuals representing 5 firms attended. Although valuable information was obtained from those who did attend, the small number of participants in some focus groups constrained the smooth flow of conversation, despite the use of trained facilitators experienced in conducting discussions with business representatives.

Exhibit I-3 summarizes the topics covered in the employer focus groups. Information on these topics gained from the focus groups has been integrated into the discussion of changes in employer hiring practices in Chapter 2. Appendix C reproduces detailed notes from the individual employer focus groups.

Exhibit I-3

Topics Covered in Employer Focus Groups

A. The Nature of the Human Resources Function

1. What changes have occurred in the past five years with regard to the process by which your firm hires new employees?
2. What is the nature of the interaction/connection between human resources and other divisions within your firm? Who has the final say in the hiring process?
3. How do such hiring processes fit into the overall mission or management strategy(ies) in your firm?

B. Hiring Objectives

1. What attributes (i.e., skills, attitudes, or aptitudes) do you seek in new employees at the beginning of the recruitment process? How do such attributes vary by job description?
2. What methods do you use to determine the presence of such attributes in a potential employee? How do such methods vary by job description? What is the relative importance of these different attributes to your firm?
3. Is "testing" (defined broadly as pencil and paper tests or reviewing ability to perform job-specific functions) used during the selection process? At what point? Who "administers" what kinds of tests? How does this vary by job description?
4. To what extent do you emphasize pre- or post-employment training to supplement existing skills of new employees?

C. Specific Aspects of the Hiring Process

1. Can you identify some of the methods used in the initial recruiting stage of the hiring process?
2. Can you identify some of the methods used in the initial screening of applicants? What are the stages through which a prospective employee might go?
3. At what point is the potential hire interviewed? Who are the representatives from your firm involved in this process?
4. How is the selection process carried out? How are references checked?
5. Once the selection is made, what is the procedure for extending an offer of employment?
6. How are new employees integrated into the firm? At what point do employees achieve permanent status? How does this process vary by job description?

Exhibit I-3, Continued

Continuation of Topics Covered in Employer Focus Groups

D. Use of Labor Market Intermediaries

1. To what extent does your firm use public or private labor market intermediaries to assist in the hiring process? What services do they typically provide? Who pays the fee? How does this vary by job description?
2. Has your firm's use of such intermediaries changed during the past decade?
3. What are the advantages or disadvantages of utilizing such services?

E. Alternative Staffing Arrangements

1. To what extent does your firm rely on contingent labor?
2. What are the relationships between the use of contingent workers and the hiring process? Do they vary by job description?
3. Are there other alternatives to the traditional hiring process in which your firm engages (e.g., job sharing, flexible scheduling)? What are they? When are they used?

BACKGROUND: FACTORS AFFECTING THE HIRING PROCESS

In the remainder of this report, we describe changes in current employer hiring policies and practices, including emerging trends in the methods used to recruit, select, hire, and integrate new employees into the work organization and discuss how well these practices are meeting employers' needs. In this background section, we offer a brief description of some of the factors that are causing companies to change their hiring objectives and describe how changes in the workforce are transforming the relationships between employers and workers. In the transformed workplace, the hiring process is viewed as playing a critical role in ensuring both customer satisfaction and corporate profitability.

Mass media and academic journals alike agree that the nature of work and the relationship between employers and employees is undergoing a rapid and radical transformation within the United States and throughout the world. Some observers warn of "the end of work" as a result of increasing automation and downsizing within major corporations (e.g., Rifkin 1994) and mourn the loss of stable employment relationships and job security as a result of the increasing use by companies of temporary, contractual, or leased workers and outsourced functions (e.g., Handy 1989). Other researchers view the current trends in the workplace as jolting but necessary changes to which we must learn to adapt to ensure that American business remains competitive in the global economy (Bridges 1994).

Whatever views are held regarding the desirability or inevitability of recent trends in workplace restructuring and the nature of the employment relationship, there is little disagreement that major changes are taking place. Most observers agree that three related forces are driving U.S. companies to redefine the skills they need in their workers: the rapid rate of technological change, intensified global competition, and efforts to reduce costs and increase productivity through "reengineered" work organizations. These factors often are interrelated in their effects on employers and the resulting expectations of workers.

Rapid Technological Change

Technological advances have changed the nature of U.S. jobs. New technologies have rendered some workers obsolete and others more efficient, so that fewer workers are needed to maintain the same level of productivity. Where manufacturing jobs previously consisted primarily of work performed by unskilled manual laborers or highly skilled craftsmen, current manufacturing jobs need technicians who can operate sophisticated machines that can accomplish the work previously performed by hundreds of individual workers. Similar transformations driven in part by new technologies have occurred in other sectors of the economy.

In addition, new technologies have had a dramatic effect on information flow. As manufacturing jobs have declined and service jobs have grown in importance, changing information processing technology is responsible for one of the fastest growing areas of U.S. employment—occupations involving data processing. It is estimated that between one-third and two-fifths of U.S. workers currently manipulate data in their jobs, rather than "things" (Bridges 1994).

While workers who work with the new technology do not always need to have a complete technical understanding of the machines they operate, employers that have made large capital investments in sophisticated machinery look for workers who have sufficient education and literacy skills to read instructional manuals, follow safety procedures, and understand the basic principles underlying the technical work processes in which they are involved. As more and more day-to-day office communications and routine business functions, including customer service, personnel, inventory and supplies, and financial record-keeping are automated, basic "workplace literacy" for all workers increasingly requires a knowledge of and ability to use a variety of computer applications and multi-media communications tools.

With respect to the hiring process, advances in automation and communications technology have led to the development of a variety of new hiring tools available to individual firms and labor market intermediaries. Among these new tools are: posting job listings using on-line bulletin boards or World Wide Web "home-pages" on the Internet; developing and maintaining automated resume banks and job banks for internal company or public use; using software to screen resumes for relevant key words; and using video-conferencing or tele-conferencing to conduct job interviews at a distance.

Intensified Global Competition

While the U.S. has been and continues to be a leader in technological innovation, the speed with which information about new technologies is disseminated has increased the pace of competition between firms and made that competition global in scope. The "race" between completing firms has shifted from developing new technologies to applying them, from identifying new markets to capturing them. The pace of change and the growth of competition from businesses in both developed and developing countries has been a factor that has forced U.S. companies to change the way they do business.

A high quality product and a loyal workforce are no longer a guarantee of a constant or growing market share, if international competitors can offer the same quality product at lower prices or with greater responsiveness to customer needs. Global competition has created pressures that have caused U.S. companies to attend carefully to the needs and desires of their customers, plan for continuous product innovation and improvement, and think carefully about how to redesign products and processes to improve the productivity of workers and reduce the costs of operations. Taken together, these changes have caused widespread "reengineering" of many private firms in both the manufacturing and non-manufacturing sectors. Reengineering has often had multiple objectives, including reducing labor costs to increase cost competitiveness, increasing the flexibility of products and processes, and reducing the response time needed to react to industry shifts.

Global expansion of markets has also led to an increase in the number of U.S. companies that operate on an international scale. Multinational corporations, in turn, often have specialized hiring needs. Because of the shifting nature of their world-wide operations, these firms need to hire workers who are sensitive to cultural diversity, adaptable to different organizational structures, and capable of being shifted from project to project, or around the globe as company workforce needs shift.

Reengineered Work Organizations

Driven by global competition and influenced by the increasing demands that sophisticated technology places on all workers, many U.S. companies have undergone a dramatic redesign of how work is organized and how workers relate to each other and to their managers. Variously called total quality management, continuous improvement, and business process reengineering, this redesign is characterized by a flattening of organizational hierarchies by eliminating whole layers of middle management, redesigning business procedures to increase efficiency and improve worker productivity, and increasing worker participation and involvement in decision making (Hammer and Champy 1993; Schonberger 1994; Champy 1995). The scale on which reengineering/restructuring is occurring is quite significant (Osterman 1994; Bridges 1995; Rifkin 1995; Thompson 1995).

As jobs are redesigned through corporate reengineering efforts, employers expect workers to take increasing responsibility for identifying problems and opportunities to improve product quality and worker productivity. To fulfill this new responsibility successfully, workers need a whole set of new skills, including an understanding of how their job fits into the overall work of their department or division and how the work of different divisions is interrelated. They also need good communication skills, teamwork skills, and the willingness to exercise initiative on the job.

Changes in the Work Relationship

The changes described above have resulted in divergent effects on the work relationship. On the one hand, employers are increasingly trying to structure work so that individual workers can contribute to the overall quality of the product and, ultimately, the economic viability of the company. An increasing number of firms are trying to become "high-performance workplace organizations" by supporting worker empowerment and worker participation, and by encouraging workers to exercise the full range of their thinking and leadership/teamwork skills on the job. Efforts to promote "high-performance workplace organizations" have led to an emphasis on broad, rather than narrow, skills sets for employees (U.S. Department of Labor, 1994).

However, at the same time that employers are trying to inspire a new level of work-related activism by their employees, they are also redefining and limiting the nature of the employment commitment to workers. Through the 1970s, many workers and employers viewed employment as a long-term relationship. If workers remained loyal and served their firm to the best of their ability, they could expect to remain a valued part of the organization for an extended period. This expectation is no longer taken for granted by workers, in the face of a decade or more of increases in the frequency of layoffs and a dramatic expansion in the use of contingent workers.

As part of organizational restructuring during the 1980s and 1990s, a number of experienced workers, particularly middle managers, lost their jobs through corporate downsizing. An increasing number of companies have embraced periodic downsizing as a way to remain cost-competitive over time, not just as a response to recessionary pressures. In a recent survey of downsizing among manufacturing companies, the American Management Association found that 36% of respondents had downsized before the 1990-91 recession, 56% had downsized during the recession, and 47% had downsized during the economic recovery (Vines 1994). Although the most recent American Management Association survey on downsizing, job elimination and job creation (1995), released at the final writing of this report, indicates that downsizing as a strategy for restructuring is slowing, the scale on which it has already occurred since 1990 has had a dramatic effect on long-standing employer-employee relationships.

Furthermore, when faced with staff shortages, an increasing number of companies are choosing to hire contract or temporary workers, or secure additional workers through a staffing services agency or a leasing agency, rather than expanding the company's "permanent" workforce (Hammonds, Kelly, and Thurston 1994; Segal and Sullivan 1995). Although some proportion of contingent-hiring arrangements are attempts by companies to identify good job candidates who are subsequently offered long-term employment (Polivka and Nardone 1989), companies, in many cases, use both contingent and long-term workers over an extended period, for different types of jobs or in different divisions or departments. Staffing services firms now provide employees of all skill levels and experiences to firms of many types and sizes. The increasing skill levels of temporary workers available through staff leasing agencies have allowed firms to contract out increasingly complex work. In so doing, firms can downsize further, freeing up highly skilled workers who, in turn, may become available to support the increased professionalization of the temporary workforce. The supply and demand sides of the new work relationships are inextricably linked.

It is important to note that staffing services agencies are not only providers of services to other firms, but are major employers in their own right. Indeed, Manpower, Inc., the largest of these agencies, is currently the largest private sector employer in the United States (Seavey and Kazis, 1994). As such, these agencies, too, are subject to pressures to become increasingly efficient in their internal operations and face the question about how to balance long-term and contingent workers within their own business organizations.

The demand by firms for more flexible staffing options, coupled with the supply of independent contractors or workers employed by temporary firms has created the foundation for a new set of employer-employee relationships that some experts call the "new contract" (Rousseau 1994; Kissler 1994; Rifkin 1995). In a recent article in the journal *Human Resources*, one management consultant suggests that the new contract will not include an expectation of a long-term employment commitment between firms and workers (Moravec 1994). This consultant suggests that we will start thinking of jobs in the 21st century as a time-limited partnership between employers and employees, in which "neither . . . has a future employment obligation to the other."

but the employer instead has a commitment to design work that "stretches the employee's capabilities" and offers opportunities for skills development that will increase future employability.

In the meantime, the workplace exhibits a tremendous variety of employment relationships, from the traditional long-term relationship between a company and its workers, to a variety of new alliances between companies, temporary employees, contractors, leased workers, and the staff services agencies that supply contingent workers to the companies that require their labor. As we detail in the next chapter, these new work relationships have also led to a proliferation of hiring practices, as well as the emergence of a number of new roles played by labor market intermediaries interested in supporting different aspects of the private sector hiring process.

Increased Importance of the Human Resource Function Within Private Industry

Much of the literature we reviewed and many of the respondents for this study emphasized that the human resources function (formerly the personnel function) is increasing in importance relative to other business units in the reengineered corporation, as well as playing a key role in planning the changes involved in reengineering. Although the size of this effect may be exaggerated in the human resource literature we reviewed, literature from other sub-fields supported the basic premise that "people ...are the only long-term competitive advantage" (quotation from Harley-Davidson Incorporated's 1992 Annual Report in Champy 1995).

The new human resources function within firms combines a wide range of issues and activities of which the hiring process is only one element. Human resources also encompasses decisions about wage and non-wage benefits, investments in developing the skills of existing workers through ongoing training, and issues about working conditions and how workers are involved in work-related decisions. Whereas traditional firms view the hiring function as a mechanistic process of "filling slots," Champy (1995: 155) describes how firms reengineering their workplaces begin to view employees "as fully human beings capable of bringing far more to the struggle for markets than technical skills." To accomplish the hiring function in this context, human resource staff must be attuned to their firm's strategic planning process and the needs of the firm's "core" business; business units, in turn, must communicate their needs to the human resources division.

Focus group and telephone respondents confirmed that the role of the human resources function had increased in importance relative to other management functions. Among the high-performance firms included in telephone discussions, the representatives from Motorola, 3M, Corning, and Hallmark all indicated that the hiring function is viewed as an increasingly important key to overall corporate effectiveness. Because the quality of these companies' workers is viewed as essential to their success, the human resources divisions have been made visible partners in corporate strategic planning and, in some instances, are catalysts in company reengineering initiatives.

Although human resources departments are increasingly viewed as essential to corporate success, they are also subject to downsizing, cost-cutting, and streamlining. Like the rest of their firms, human resources departments are increasingly pressured to concentrate on doing internally what they are best equipped to do and seeking external assistance in tasks for which they may not have expertise or which a third party could do better or more economically. This pressure, coupled with a dramatic increase in the supply of different types of labor market intermediaries and services to support the hiring process has led to a wide variety of alliances between firms and labor market intermediaries in carrying out the hiring process.

II CHANGES IN THE HIRING PROCESS

Perhaps the most important change in the hiring process is that "hiring" is no longer the only thing firms do to meet their labor or human resource needs. Today, firms most often use several other methods of staffing in addition to hiring as part of an overall strategy of maximizing productivity and product quality while minimizing costs. We have identified three primary methods by which firms staff their organizations. Firms combine these three staffing methods in a myriad of ways to develop their own staffing strategies based upon their individual needs. The first and still primary method for most firms is hiring workers for regular full-time positions. A second method, and the one in which we find the most growth, is the use of contingent labor, in the form of individual consultants or leased staff. The third method, which tends to be more widely used in specific occupational categories, involves the outsourcing of entire business functions.

Both the use of contingent labor and outsourcing are examples of interim staffing as described by Patricia Fernberg in a popular trade journal. "The concept of interim staffing," she writes, "has its roots in the just-in-time (JIT) process in which the exact skills (or products or materials) are applied only as needed and only for as long as needed. The skills (or products or materials) are not retained in-house between applications, but are delivered by a third party on-schedule" (Fernberg 1995). In staff leasing, a firm arranges for the services of workers recruited, screened, hired, trained and matched to a specific task by an outside firm. In outsourcing, a firm contracts out an entire function or department a third party company that uses its own staff to perform the contractor firm's work, and accepts administrative responsibility for the employees and the work. Staff leasing and outsourcing are similar in that firms using these methods can externalize the human resource function with regard to the employees performing the work.

Because the use of contingent workers and outsourcing are now important elements of staffing strategies for many firms, they have an important effect on the traditional staffing method—the hiring of "permanent" workers. By providing alternatives to a permanent workforce, the use of contingent workers makes possible a general shift within firms toward investing in long-term employees because there are fewer of them for firms to recruit, hire and train. As firms use contract workers to complete specific tasks, they can hire and train core employees to strategize, innovate, and otherwise use their skills to their fullest potential. This focus on core employees, as well as the use of new technologies, enables firms to streamline their human resource practices.

Key players in enabling the multiple-method staffing strategy are the various labor market intermediaries. These include firms and organizations that offer services ranging from the provision of leased workers to the recruitment of core staff to resume screening. Their roles in the various stages of staffing and hiring have expanded since the early 1980s. In taking advantage of the new service niches created by corporate downsizing and the streamlining of internal human resources functions, they have, in turn, facilitated further changes in corporate hiring and staffing.

An introduction to the basic types of labor market intermediaries is provided in Exhibit II-1. It is important to note that even though the intermediaries have been grouped according to type, the differences in roles, services, and clients that distinguish them are becoming blurred over time as these firms evolve. More detailed descriptions of the different types of labor market intermediaries are included in Appendix A in Volume II of this report.

The remainder of this chapter is focused on the hiring process per se; that is, the set of practices involved in recruiting, screening, selecting, and employing full-time, "permanent" workers. Nevertheless, an attempt is made to put hiring practices in the larger context of multiple staffing strategies. Thus, where there are direct relationships between other staffing methods and the hiring process, we identify them.

The changes we describe have as their reference point the set of hiring practices that were the norm until the simultaneous downsizing and creation of new markets for labor market intermediaries that took place during the 1980s. The traditional practices can be summarized by the seven-step model described in Exhibit II-2. Although these seven steps still apply to the present hiring process for regular full-time workers, we have identified significant changes in how each of the steps is implemented and its importance in the overall process. Moreover, we have found clear evidence that the methods used to fulfill the objectives of one step are important determinants of the content of the subsequent steps and the players involved in them.

Exhibit II-1
An Introduction to Private Labor Market Intermediaries

Type	Primary Clients	Secondary Clients	Services Provided
Outplacement Firm (Also referred to as Human Resource Consulting Firm)	Paying clients are companies that are downsizing and laying off workers. Clients receiving services include displaced workers and corporate HR managers	Companies may also pay for assistance creating internal career management programs for workers still employed by company. This might be after or in preparation for downsizing.	Displaced workers, often upper-level managers, receive assistance with reemployment. Corporate HR managers receive consultation on hiring/termination process and help setting up internal career management programs.
Career Management Firm (Also referred to as Career Development or Career Consulting Firm)	Paying clients are individual job seekers. Corporations may also purchase services. Some large career development centers also receive funds through grants, foundation monies, and corporate funding.	Companies may purchase partner relocation or outplacement services on behalf of individual workers. Companies may view career management firms as a good source of free job candidates if job listings result in qualified referrals.	Job seekers receive career exploration, career counseling, information about job openings and employers, and training in job search skills and strategies Employers may purchase internal career management programs, partner relocation programs, receive free job listings.
Research Firm	Companies that want information about where to find qualified candidates for a specific position pay research firms.		The research firm identifies a pool of possible candidates for a specific job opening. The company is responsible for all hiring steps after the pool is identified.

Exhibit II-1, Continued
An Introduction to Private Labor Market Intermediaries

Type of Firm	Primary Clients	Secondary Clients	Services Provided
Search Firm (Also referred to as Employment Service)	Companies pay search firms for referral of screened job candidates on retainer or on a contingent basis for specific openings.	Search firms often accept referrals of qualified job candidates from outplacement firms	Research firms use a variety of methods to locate individuals with skills appropriate to be job opening at the client company.
Screening Firm	Companies pay screening firms for help with the screening process.		Services offered by screening firms vary from wide-ranging testing and screening of finalists to relatively narrow background checks of final candidates. Companies locate the job candidates and make the final hiring decision.
Staffing Services Firm (Also referred to as Temporary Services Firm)	Companies pay staffing services firms for temporary workers in a wide range of occupations and skill levels. Some companies also lease workers on an ongoing basis, for the operation of an outsourced function or department.	Other firms purchase on-site coordinators or facilities management; formal "tryout" of temporary workers as a planned path from "temp" to permanent hire; payrolling of workers selected by the firm; or training for a firm's own permanent staff.	Staffing services firms provide companies with workers for a specific task or function. To provide this service, staffing services firms conduct recruitment, screening, and pre- and post-hiring training of workers. They are also the official employer of these workers.

Exhibit II-2
Steps in The Traditional Hiring Process

1. Recruitment:	Casting the net for prospective job candidates
2. Initial Winnowing:	Narrowing the initial pool of potential candidates down to a manageable number
3. First Screen:	Initial screening or testing to reduce the number of candidates to three to five per job opening
4. Final Screen:	Final selection of candidate based on selection methods including interview, reference checks, or performance assessments
5. Job Offer:	Formal offer of employment to candidate
6. Probationary Period:	The candidate is trained and closely monitored to insure that he or she will become a successful long-term employee
7. Permanent Status:	The candidate becomes part of the permanent workforce

PRE-RECRUITMENT PROCESSES

Seeking employees who can perform a wider variety of tasks, work more effectively and efficiently, and adapt to constant change, firms must give greater attention than ever before to the initial, pre-recruitment steps of the hiring process: developing the job description and defining the desired characteristics of employees. This change is seen as part of a more strategic approach to hiring: defining roles and characteristics with greater clarity and care is prerequisite to finding the best employees. As one respondent noted, "we can no longer afford to make hiring mistakes."

Developing the Job Description

We found that human resource (HR) professionals see the task of developing the job description to be increasingly complex. In many firms, this complexity arises out of the need for HR professionals to extract crucial information from a wide variety of individuals in the organization in order to develop descriptions of the positions the firm seeks to fill. One respondent described the situation in this way:

> I used to be able to advertise for an 'assembler.' Now the assembly job is one of maybe five the person might do in a week. I have to go to everybody the new hire will work with to get an idea about their expectations and go to a person who does that job to learn about what they do . . . I also have to ask people about future expectations—will those jobs change with [new technology]? Then I put together a description, but it's hard to get people to agree on its [accuracy].

Many HR professionals also report that they must develop job descriptions that are more flexible than they were in the past, to allow for hiring workers with more general skill sets. The amount of flexibility required seems to depend on the occupational category. Participants in both interviews and focus groups reported that developing descriptions for information systems or administrative support positions is easier than for positions related to management or product development. Support positions are more likely to involve a limited number of frequently performed tasks and lend themselves to written descriptions. But to fill generalist positions, and technical ones where fundamental technology is rapidly changing, HR professionals must increasingly develop flexible job descriptions and work with a larger number of other people in the organization in order to do so.

Since the job description serves as a basis for identifying the skill sets or aptitudes HR professionals seek, focus group participants indicated that they consider themselves tremendously important players in the hiring process, and in the communication process leading to the development of job descriptions. Nevertheless, many respondents and focus group participants indicated they had some difficulty being able to fulfill their role. Some, for example, expressed frustration with managers who were unable to provide good descriptions of jobs or identify the appropriate prerequisites for potential candidates.

Although the problems HR professionals encountered in collecting the necessary information for developing job descriptions were widespread, our study suggests that they manifested themselves differently in firms of different types. In firms with pre-existing foundations of well-developed high-quality vertical and horizontal communication, HR professionals had difficulty extracting the information necessary to develop informative and accurate job descriptions, but they tended to characterize the challenge as one of facilitating communication among departments already accustomed to collaborating in the hiring process. A participant in a large professional firm reported that managers, recruiters, and HR generalists worked together to create specific job descriptions, even when positions were quite broad. These collective endeavors, she reported, not only produced a better job description, but also served as a foundation for future cooperation: the hiring teams provided human resources staff with a better understanding of their function within the company and its human resource needs, while the HR representatives instructed the hiring teams about the kind of information they needed to identify appropriate candidates.

In firms that represent more traditional forms of organization and lack high-quality multi-directional channels of communication, the task was more often characterized as a two-fold communication challenge. First, HR professionals must communicate their need for information, then they must convince the relevant managers to respond. For example, one focus group participant representing a small, traditional manufacturing firm reported that in an effort to develop a job description for a new position in the firm, he had some difficulty explaining to various supervisors why he needed such information:

> When I went to the boss to ask what he was looking for in this position—what the job is—he saw that as my job to figure out! I had to work to get him to understand that I needed his help and then I had to work to get the information I needed.

Another participant representing a well-known industrial firm indicated that her hiring managers often have difficulty articulating what they want in the job description or in a candidate. "They say 'I'll know it when I see it' but that doesn't help me find people for them to 'see it' in," she said. One participant reported calling another firm and obtaining its job description for a particular position the two firms had in common.

Defining Desired Employee Characteristics

Once job descriptions are created, HR professional must identify the characteristics they desire in potential candidates. Communication is crucial at this stage as well. HR professionals can easily identify universally desired characteristics (e.g., reliability, honesty, integrity, etc.), but require managerial and other input in order to designate specific prerequisites for potential candidates. Again, in firms with participatory management styles, managers are likely to be able to identify prerequisites themselves, or to recognize the need for HR to consult with other employees about such issues. These firms are also the ones that tend to acknowledge the early stages as crucial to the remainder of the hiring process.

In firms with traditional management styles, however, HR professionals often have difficulty extracting the needed information either from managers (who are often not able to provide such information) or from relevant employees (because the appropriate channels of communication are absent). From the perspective of HR, these managers tended to be more focused on the output of the production process than on the process itself. They therefore tended to be unfamiliar with the particular jobs of the workers on the production line and concomitantly with the characteristics associated with the most productive employees. In these more traditional firms, work teams tended to have developed informal and self-initiated assessments of the individual talents of team members, and how these supported team efficiency. The assessment process was so informal, however, that HR representatives reported having difficulty extracting any information about it which might help them determine characteristics that would be valued in new applicants.

HR representatives reported that such difficulties are frustrating but also provide the human resources departments with the opportunity to serve as important agents of change within their firms. First, by creating new (or enhancing existing) channels of communication, HR representatives become facilitators of organizational change. Second, by supporting the recruitment and hiring of appropriately qualified candidates for new positions, the HR departments fuel further corporate change. As one interview respondent said, human resources is the first point of contact with "new blood."

Another respondent, a young woman in a traditional manufacturing firm, described her situation as follows:

> Upper management is engrossed in the business of producing widgets. Managers know they have to be more competitive, but they don't know how important HR is in that effort. They try to [control the production process] but they don't realize that it's our people who really produce—and we [HR] hire those people . . . We [need appropriate] information to support us in that effort.

This respondent indicated that, in her company, traditional managers are trying to insulate themselves from the tremendous changes in today's marketplace by attempting to conduct business as usual. Because such changes (i.e., downsizing, alternative hiring practices) manifest themselves almost immediately in the labor market, however, she faces them every time she hires or releases an employee. She indicated that she wanted to be more strategic in hiring decisions, which requires gathering good information about open positions and preferred characteristics of individuals who might fill them. She, like many other respondents in our study, sees hiring as directly supporting the process of re-engineering.

Changes in Desired Employee Characteristics

As employers and HR professionals focus more on the processes of describing jobs and specifying desired employee characteristics, they also seem to be redefining exactly which characteristics they most value in new hires. In general, firms are increasingly seeking new employees with such general attributes as good communication skills, leadership ability, and adaptability. At the same time, they are placing less emphasis on the importance of specific skills, in part because they can count on labor market intermediaries to provide them with contingent workers who have such skills, and in part because they view providing post-hiring training in the needed skills as an alternative to screening for the presence of specific skill sets.

The Shift Toward Valuing Attitudes and Aptitudes Over Specific Skills

We found clear evidence that employers are placing less value on specific skills and more value on general attitudes, aptitudes, and intangible skills. In many cases, the desired attributes are linked to "corporate culture."

In response to our inquiries, the majority of telephone respondents identified various intangible skills as the primary ones their companies were seeking. These respondents either identified the intangible skills first, specifically stated their firms' preferences for such skills over and above more specific ones, or indicated that they are placing increased emphasis on such skills. One respondent indicated that the two types of attributes were equal in importance; another indicated that specific skill sets were more important, but when asked to define such sets, identified personality attributes. The remainder of the telephone respondents identified specific skill sets as a priority qualification in potential candidates. All of the respondents, however, indicated that the relative importance of attitudes and other intangible skills has increased. Participants in five of the six focus groups also demonstrated a clear preference for attitudes over specific, tangible skill sets.

There are a number of possible explanations for this apparent shift. First, the valuing of non-specific skill sets can be linked to the increasingly flexible nature of occupational categories. As job descriptions become less specific so too must the prerequisites of candidates to fill them. A second and related explanation involves the realization among employers that as jobs change, employees will increasingly require training and education on an ongoing basis in order to insure that their skills continue to be relevant and up-to-date. It follows that specific skills are less important as changes in the workplace occur at an increasingly rapid pace. In this environment, what becomes important to employers is not skill sets, but the ability to attain them. As employers become more involved in the training of their workforce, it is reasonable to expect them to place greater emphasis on the abilities of new employees than on their present skills.

Although we are convinced that a shift towards preferring aptitudes and attitudes over skills is underway, the reader should keep in mind that many of our respondents (all HR professionals) are likely to have a generalist bias. HR professionals tend to be generalists themselves, and, therefore, are less familiar with the more specific skills employers demand. The traits we would expect generalists to identify as important in new workers are those traits desired by HR professionals or those with which HR professionals are familiar. Such traits tend to be more closely associated with aptitude than with specific skill sets. It is also possible that the open-ended nature of our questions encouraged generalist answers. If we had requested respondents to identify desired traits in new employees according to specific occupational category, we may have solicited different responses. Finally, many firms can assume a certain level of skills-related competence for certain positions above and beyond which they would value general attributes over skills. If a firm is seeking to fill a programmer position, for example, it might assume that all applicants had experiencing programming computers. It would be the characteristics in addition to candidates' technical backgrounds that firms would evaluate such candidates.

We learned that firms perceive in different ways this shift toward valuing aptitudes. For some firms, the shift represents a back-to-basics approach to hiring. Most respondents, however, indicated that their firms are moving forward to accommodate fundamental changes in the workplace and labor force. They considered their increasing preference for aptitudes in potential employees as "new." A focus group participant representing a large international transport company noted that the skills common to workers in certain occupational categories a generation ago transferred more easily from job to job than they do today. He noted that,

> The whole concept of training is something that employers need to be very close to because as we hire people with certain skills [or] expertise, things change . . . The skills that they brought to the table yesterday may be obsolete tomorrow . . . [When we hire] we really have to look at motivation.

For this company, the shift toward aptitudes is forward-looking and intricately related to the kinds of training programs available to employees.

A focus group representative from a large manufacturer of electronics equipment indicated that his firm had previously implemented skills tests, but is now moving away from them. First, he noted, the company can assume the existence of certain skills in most of its applicants; second, "people skills are . . . just as crucial to businesses [that] rely on team work to get things done." Another telephone respondent indicated that her firm had placed more emphasis on computer skills as the company became increasingly automated. Because technology changed so quickly, however, the company had to retrain its workers on a regular basis even if they had pre-existing skills. Since ultimately the company is interested in manufacturing a quality product, it currently targets potential employees who are committed to the same goal, regardless of their particular technical skills.

Interestingly, only one high-tech firm was among those that prioritized skills over aptitudes. The respondents from the other high-tech firms participating in our study demonstrated a clear emphasis on attitudes. A respondent from a large international manufacturing firm noted, "skills are fleeting, it is intelligence and problem-solving ability that pay off for [us]."

We learned that although many high-tech firms are dependent upon employees with sophisticated skills, they do not necessarily seek such skills in hiring new employees. It is precisely the dependence of such firms on a skilled workforce that has prompted them to develop sophisticated training and education programs. Because these firms assume that employees will require continued training, they seek employees who will benefit most from such training, i.e., employees with a capacity to learn and a desire to improve their existing skills. One respondent noted:

> If you have someone . . . that you feel has the potential to fit within your culture, you've got to take a risk . . . and see if you can develop him or her along the way . . . Training is . . . a part of doing business and it's a responsibility employers have if they are going to compete.

We found evidence of the shift toward employers valuing aptitudes over skills reflected in the literature as well. In a recent advice column in *Personnel Journal*, "the experts" were asked to identify important characteristics firms should look for in new hires. One respondent argues that employers are now "looking beyond skills. They're asking: How will this person perform? Will he or she be able to do the job well and be successful? What [are] his or her basic character strengths and weaknesses?" (Anfuso, 1995b). Another respondent argues that employers should hire the best investment. She also notes that "the best investment . . . doesn't always mean the person with the most skills because one of the things that you want to look at in an investment is [whether or not] the person will stay with you." A third respondent suggests, "[s]tart by remembering: the chief reason to evaluate applicants is to predict [whether] they [might] turn into successful employees." While the respondents in this column assume the existence of some specific skills, they clearly emphasize the importance of more general traits.

Another recent column, in *Supervision* (1995), describes the findings of a recent study conducted by Scheig Associates, Inc., a human resource consulting firm headquartered in Washington state. According to the study, "even the most technical job is at best 20 percent to 30 percent technical. The distinguishing factors between outstanding workers and barely acceptable ones can often be found in their behavioral approach to the other 70 percent to 80 percent of the job." In concert with this view, Scheig Associates presents a checklist for employers to use as a guide to hiring. The list includes three main components: (1) an assessment of the candidates' interest and willingness to do the job, (2) an assessment of the characteristics that candidates say describe themselves, and (3) an assessment of the responses candidates offer to a series of situational response questions.

In *Computer World* (Gerber 1994), the subtitle of an article in a recent issue reads, "In the coming years, technical skills will be less of a priority for hiring managers. Instead, business acumen and aptitude for customer service will be foremost in their minds." The piece cites representatives from Wells Fargo Bank, Turner Broadcasting System, and Adventist Health Systems to support its claim that the demand for specialists is declining, while the demand for employees with "strategic thinking" skills is rising.

We found few recent academic pieces that specifically address the hiring process but several that address hiring as an aspect of restructuring, re-engineering, or other processes aimed at improving firm productivity and efficiency. One article relevant to this study is part of a series in a recent issue of *Group & Organization Management*. The authors argue that "broader skills enable employees to make greater contributions and to successfully acquire new skills." (Burack, et al 1994: 157). Employees who possess such skills, the authors find, will facilitate the transformation of firms to high-commitment/high-performance workplaces in exchange for appropriate support from their firms. While this point seems obvious, it is nonetheless important because it implies a fundamental shift in the employee/employer relationship. One focus group participant noted, "managers don't want just [employees'] hands anymore, we want their minds."

In a recent study of "visionary companies," authors Collins and Porras (1995) find a tendency for these firms to exhibit "cult-like cultures." While the subject of hiring is not specifically addressed in this study, the discussion of "culture" suggests that such firms seek employees with particular character attributes, regardless of the specific skills they might bring. Proctor & Gamble, IBM, Disney and Nordstrom are among the visionary companies noted for their firm-specific environments. Moreover, because these same firms, not coincidentally, are renowned for their orientation, training and internal promotion policies, new hires in these firms are often recent college graduates, or recruits without long work histories. In such candidates, aptitude and "fit" are likely to play a significant role in hiring. Porras and Collins cite Walt Disney describing his decision to institutionalize the Disney culture:

> The first year I leased out the parking concession, brought in the usual security guards—things like that. But I soon realized my mistake. I couldn't have outside help and [instill] my idea of hospitality. So now we recruit and train every one of our employees. I tell the security officers, for instance, that they are never to consider themselves cops. They are there to help people . . . Once you get the policy going, it grows.

The authors cite similar anecdotes about the other firms that exhibit cult-like cultures. These anecdotes lend support to the link between high performance and an emphasis on new employees having certain attitudes and aptitudes.

The Emerging Set of Most Desired Characteristics

The general characteristics most often mentioned by employers as desirable fall into several different categories.

Communication Skills. First, without exception, focus group participants and telephone respondents indicated their desire to identify candidates with good communication skills. As firms create more participatory workplaces as a part of restructuring, employees are being asked to contribute in more fundamental ways than in previous years. Today, workers are paid not simply for their productivity, but also for their contribution to improving the production process. Communication skills are crucial to an employee's ability to contribute his or her ideas, thoughts or suggestions. In addition, the downsizing of middle management has resulted in a greater degree of worker self-management and the growth of work teams. Again, as workers take greater responsibility for their roles in the production process, their ability to communicate important information about that process to managers, supervisors, or peers is increasingly important. Finally, as we move to an increasingly service-oriented economy, workers at all levels of the production process are expected to be more responsive, both to coworkers who depend on the products of one stage of the process to complete another, and to consumers, individuals, governments, or institutions who purchase the final products. Such responsiveness demands that workers maintain high-quality communication skills.

The communication skills specifically mentioned by interview and focus group participants included the ability to give and follow oral and written instructions, to articulate wants and needs, and to represent the firm well to customers and outsiders. Moreover, a number of participants specifically noted the interactive dimension of communication by emphasizing, for example, its direction—vertical, horizontal, two-way, etc. One respondent representing a firm that produces paper products noted that the firm holds regular "town meetings" wherein employees meet with the president of the company. Employees are not only encouraged but expected to verbalize their concerns, ideas and interests directly to "the boss." Managers are charged with ensuring the presence of such skills in their employees so that these forums are productive for all parties.

Initiative. A second general category of attributes that all of our respondents indicated their firms seek relates to the level of autonomy with which potential employees are comfortable. Specific characteristics mentioned included creativity, innovativeness, initiative, and leadership capacity. Again, employers seek people who can both produce, and, as one participant noted, "leave their mark on the process." A representative from a large communications company stated:

> We seek candidates with entrepreneurial spirit . . . Our business is changing so rapidly that we are always looking for new opportunities, not just managers but everybody . . . Our lower-level people are the ones that have direct contact with our customers so they, too, should be on the look-out for new markets and tell the managers about their ideas.

Adaptability. A third general category of attributes that most telephone and focus group respondents identified as important relates to adaptability. Employers can no longer guarantee that the jobs they have available today will be there tomorrow, and, as Bridges (1994) notes, such jobs will not necessarily be transferred to another sector as in previous eras; rather, they are more likely to disappear altogether. Flexible employees who possess multiple general skills are desirable from the point of view of most firms because such employees permit their employers to maximize investments in human resource planning, recruitment and training. One focus group representative stated, "When we hire people, we are always looking beyond what they can do for us today . . . we need to be able to tap into [their work ethic] so that we can measure corporate fit . . . We'll train good people."

Character. A fourth category of desirable traits included certain values and character traits. The majority of our focus group and interview respondents identified qualities such as honesty, integrity, and respect for others as important. Two interview respondents and one focus group expressed concerns about the degree to which dishonesty, or at least "extreme exaggeration" has become an important issue in recent years. These respondents indicated that the more they experience dishonesty, the more they value its opposite.

Team Orientation. Finally, most firms indicated that they value team skills in new workers. Specifically, firms are increasingly seeking workers from diverse backgrounds who are tolerant of different attitudes and perspectives and can work well with others. As businesses become increasingly global, the value of employees with such skills will continue to rise. One focus group participant representing a large law firm indicated that diversity awareness was a crucial issue in new candidates. The firm has been aggressively training every member of the staff, partners included, in diversity. Recruiting new hires who already possess such awareness will insure that the investment pays off. A telephone respondent from a large manufacturing firm indicated that "foreign-language aptitude and socio-cultural awareness" are key characteristics in new employees. The firm is represented in over 50 countries and is expanding to new markets all the time. A diverse staff permits the company access to a wider variety of ideas and perspectives than it might have otherwise.

The Role of Labor Market Intermediaries in Making the Shift Possible

Labor market intermediaries have played a vital, if indirect, role in supporting the shift toward corporate hiring based on aptitudes and attitudes rather than specific skills. At the same time that many companies have been increasing the weight given to flexibility, communication skills, leadership potential, and "fit" with the corporate culture when hiring individuals for long-term employment with the company, they have been increasing their use of contingent workers provided through staffing services agencies for project-specific and short-term hires. In contrast to the workers hired by the firms themselves, the workers accessed through these staff leasing arrangements are selected because they offer specific skill sets that match the needs of current work assignments.

Staffing services agencies offer firms an attractive alternative to hiring their own workers for jobs that are viewed as outside the company's area of core expertise or jobs that may not last. Staff leasing agencies have been able to recruit and offer workers who are attractive to firms because of the existence of a ready pool of skilled workers as a result of downsizing or decreased rates of hiring by large corporations. Many consultants have begun to recommend that companies consider a dual approach to hiring as a permanent staffing strategy—outsourcing non-core business functions to staff leasing agencies, while investing in the competencies of full-time employees (Caudron 1995, Champy 1995, Bridges 1995).

A number of our focus group participants and interview respondents provided support for the dual pattern of outsourcing to staffing services agencies for project-specific hires and investing in broad and flexible skills for long-term employees. The strongest evidence for this pattern came from four focus group participants representing two staffing services firms. These focus group participants described both the staffing demands of their customers, for whom they supply contingent labor, and their own internal corporate staffing needs. Participants from both firms indicated that, for their own firms they seek aptitudes in potential candidates, but for their pool of temporary workers, they seek candidates with specific skills.

One of these participants notes that candidates for positions within her firm are not required to have a background in recruiting or in any other particular industry. Rather, "candidates need strong oral and written communication skills. . .sales and market skills . . . persistence, high energy, and a sense of humor." Even in the screening process, different preferences are evident. For positions with clients, the first screen is a skills test; for positions with the company, an interview to assure "company fit" is more typical.

Participants representing the other staffing services firm commented on the increasing demand for technical skills on the part of their clients. According to one, "A receptionist is no longer a person who just sits at a desk and answers the phones. We expect [him or her] to know word processing and Lotus spreadsheets . . . and work on [them] while answering two or three lines on the phone." This participant's firm tests its temporary workers for aptitudes, but skills are "knockout factors."

Finally, although a recent study published by Olsten Corporation ("Skills for Success", 1994) identified computer skills as primary amongst the skills employers seek, other skill sets reported to be in high demand include communication, organizational, and inter-cultural skills. This suggests that employers are seeking employees who possess a number of less tangible skills in addition to computer literacy. Moreover, the study found that the number of companies offering training in writing and interpersonal communication skills had increased notably during the previous year, indicating a gap between companies' expectations or desires for workers' skills in these areas and the level of these skills among current employees.

In summary, staffing services agencies are having a major impact on the pre-recruitment stage of hiring by making it possible for firms to concentrate their efforts on hiring long-term employees with attributes consistent with company culture while providing contingent workers to fill short-term or project-specific staffing needs.

RECRUITMENT

The shifts in the desired traits for long-term employees from specific skill sets to more general aptitudes and attributes have influenced the ways that employers go about recruiting and screening candidates to fill job openings.

For some firms, or for particular positions within firms, open or mass recruiting methods are used to obtain large numbers of applications or to be certain that as many potential candidates as possible will be made aware of open positions. While casting a "wide net" with public job announcements may be an effective way to recruit qualified candidates if the qualifications needed for the job are very specific, it is more difficult to attract only qualified applicants if the traits desired by the company emphasize the softer skills like communication, leadership, and ability to work as a member of a team.

Nevertheless, new technologies offer ready access to large sections of the job seeking public through on-line job announcements. The relatively low costs of using electronic communications to reach large numbers of job seekers make them undeniably attractive to firms. However, firms using mass media job announcements must be prepared to sort through information about large numbers of applicants.

As a result of the difficulty (and cost) of screening large numbers of applicants, and increased recognition of the importance of hiring, firms are seeking alternatives to traditional recruiting methods that rely on the mass-media. One way firms are increasing the efficiency of recruiting new candidates is by using targeted recruiting methods. Targeted recruiting methods—which range from employee referral programs to the establishment of ongoing relationships between firms and educational institutions, professional associations or other organizations likely to serve as potential sources of new candidates—allow firms to identify smaller numbers of typically better qualified candidates without the expense of mass advertising and subsequent screening efforts.

Innovations in recruitment involve the use of new technologies, new practices, and new relationships with labor market intermediaries. In this section, we describe new procedures to recruit and screen large numbers of applicants as well as procedures to conduct more selective recruitment.

Open Recruiting

A generation ago, the primary vehicle for announcing job openings was the local newspaper. Today employers have a range of vehicles in which they can advertise, including radio, cable television, multiple newspapers, newsletters, journals and other publications, highway billboards, and most recently single-site and on-line databases.

Employers are relying increasingly on high-tech methods of disseminating information about position openings to the public. These methods allow employers not only to reach larger numbers of people but to reach them immediately. This is consistent with the increasing popularity of electronic hiring and job-seeking tools in general. Tom Jackson, a New York-based career consultant, argues that within five years, "on-line services will become the most prevalent means of non-local hiring and recruitment" (Marshall 1995).

Many non-profit organizations and private sector firms are specializing in the provision of high-tech employment services to employers and job seekers. The services they provide range from resume banking to maintaining mail-lists or World Wide Web pages on the Internet. Some firms specialize in one service; others provide a wide range of services.

Companies providing resume and job database services can specialize in particular fields or industries, target different levels of expertise in a wide variety of fields, or provide a variety of services within a limited geographic location. Fees are charged either to job-seekers or employers (or both) depending on the service provider. Typically, job-seekers submit their resumes or fill out a form containing the fields of information with which employers are provided when they solicit resumes. Job seekers are then matched with positions the service provider has on file, or their resumes are stored in the database until an appropriate employer request is made.

Cambridge Database in Cambridge, Massachusetts, is a good example of a resume/database service. It is open to job-seekers from all backgrounds, and provides access to jobs worldwide. Job seekers submit a resume and a detailed career profile, and pay a $50 annual member fee. Employers then submit specifications for open positions. An electronic search creates a list of candidates who match the employer's specifications. Employers then review the profiles of the candidates and identify those with whom they would like to establish contact. Since many of Cambridge's clients are employed but seeking new opportunities, the service contacts them for approval before it provides employers with resumes and contact information.

Other firms provide job-seekers with employment leads, in which case the job-seekers initiate contact with potential employers. While many of these firms are general, targeting all colleges graduates or all mid-level professionals, Joyce Lain Kennedy and Thomas Morrow (1994) argue that they will become more specific as the emerging industry better defines itself.

There are also a number of databases which are not interactive—they do not match job-seekers with employers—but provide information about firms to job seekers. In some databases, firms are charged a fee for inclusion; in others inclusion is free. The information is loaded onto a CD-ROM, which is either available for individual purchase or, more likely, accessed through local libraries, career placement offices, or schools and universities. Although firms included in such databases are obliged to provide updated information on a regular basis, it is an inexpensive way for them to secure a constant flow of incoming resumes.

A number of home-use on-line services also offer job posting services. Compuserve, for example, offers its users access to newspapers from across the country (from 1985 to the present). This service allows advertisements employers place in their local papers to reach an international audience for ten years into the future. Employers pay for the initial ad, and the fees paid by users permit them access to the information thereafter.

One service on the Internet offers job seekers free access to the job-listings of over 3,000 companies. The On-line Career Center on the World Wide Web was started two years ago by a non-profit association of six large corporations and has grown exponentially since. Firms pay a fee to post ads; job seekers can then post their resumes and access career assistance on-line. Employers can also access resumes and information about job fairs and other recruiting opportunities on-line.

In addition, employers can create their own Web pages which serve as an on-line advertisement for their firms and products, as well as a site in which to advertise open positions and provide information for candidates about how to apply.

A more traditional vehicle for advertising job openings to the public is the public employment service. Although the services of these agencies are available to all employers, they tend to be more frequently used by firms in industrial and manufacturing sectors than in the professional services industry. In terms of wholly external recruiting, these public agencies generally provide a bulletin board, either paper or electronic, depending upon the offices, with which employers can announce open positions. They also provide referral services to employers. Other services vary by location.

Although we found that most firms post their job announcements at their local public employment service offices, the level of satisfaction with the responses they receive varies substantially. Of the ten telephone respondents who reported that their firms regularly post with the public employment offices, only two firms reported satisfaction with the services they received and said that they depended upon such services regularly in the hiring process. In addition, several focus group participants were enthusiastic about the services they received from the public Job Service. One key to satisfied customers appeared to be the existence of an ongoing relationship between the firm and a Job Service representative.

- UPS reported a positive ongoing relationship with the state employment security agency. It has established partnerships with local Job Service offices in cities where the firm maintains a large presence. A representative from the firm noted, "The Department of Labor has helped us tremendously . . . We have a standing order with all of the Job Service offices for our big hubs and distribution facilities . . . We work very closely with them and with a high degree of success . . . In some [geographic locations], we actually conduct our interviews at the Job Service office."
- Georgia Gulf Corporation also described a particularly positive relationship between the public employment office and his firm in a small rural area in Mississippi: "We have a plant . . . and it's just working wonderfully. The community sat down and listened to us and talked about getting the community college involved. We set up a plant and [worked with the college] to provide basic skills. [The training program] takes 80 people and we end up hiring 40 of them. We have a personal relationship with the [Job Service representative who coordinated these activities]."

In contrast, most respondents reported mixed success with referrals, or indicated that they did not receive appropriate referrals from the public employment service. Other respondents indicated that they use the public employment service but that they could not count on the service as a primary recruiting method. The respondent from the large national retailer Target, which operates facilities across the county, indicated that the quality of services provided by local public employment offices vary so greatly that the company is not able to develop a uniform store policy. Some regions partner with the Job Service offices; others ignore them. This respondent emphasized that services may vary greatly even when the offices are quite close to one another. Other respondents whose firms regularly interact with Job Service in different locations indicated similarly unpredictable levels of service quality and customer service.

Newspapers and other publications remain an important means of recruiting new workers for a wide variety of firms. The vast majority of our respondent firms still advertise in newspapers, trade journals, and/or newsletters, but this recruiting method is less frequently the primary one as companies experiment with alternative methods. In high-growth/low unemployment areas, this medium is an effective means of recruiting relatively low-skilled workers, but as the desired skill-level increases, or the local unemployment rate rises, the newspaper becomes less efficient. For firms demanding highly-skilled workers, the newspaper may produce few applicants because it does not target appropriately skilled candidates. For firms in regions of high unemployment, the newspaper may generate a response too large for the firm to manage, creating screening difficulties as they attempt to narrow the candidate pool. While none of the participants in our study indicated that they use other public media for recruiting, we did find evidence in the literature review of firms using radio and cable television to advertise open positions (e.g. Sammons 1995).

Targeted Recruiting

Networking and "Sourcing"

Although the approach to recruiting described above—casting a net broadly into the sea of job-seekers—is still important and is being transformed by high-tech methods, the general trend in recruiting is toward more focused ways of identifying qualified candidates for open positions. This trend is manifested in the widespread use of a form of networking our respondents refer to as "sourcing." Sourcing involves scouting for and forging long-term relationships with particular sources of high quality candidates from which the firm can continuously recruit. These sources include informal networks, minority associations, alumni associations, professional and trade associations, local trade or vocational schools, community colleges, public employment offices, and subscribers to particular publications. Sourcing seems to serve as a preliminary external screen and permits firms access to specific groups of candidates who will be more likely to have the attributes they seek than random members of the general job-seeking public. As such, it is attractive as a way for firms to reduce recruiting costs while responding to increasingly complex recruiting directives.

Employers in both our interviews and focus groups addressed sourcing as a process distinct from recruiting from the general job-seeking public. Most respondents reported that an individual or division within their firm had been assigned the sourcing function. Other respondents said that their firms had incorporated the "sourcing" function into their preexisting networking groups. Given the degree to which this method is used among firms of different types and sizes, we were somewhat surprised to find little mention of sourcing in the literature as distinct from other forms of recruiting.

From the perspective of employers, the benefits of sourcing are many. First, sourcing provides a means of identifying initial pools of candidates who are likely to have particular attributes or characteristics. Many firms interested in diversifying their workforces, for example, have established relationships with minority associations of various kinds. Such associations allow firms to access a network that open-ended recruiting methods (e.g., newspaper ads) might not reach. Similarly, firms can target candidates with particular skill sets by "sourcing" associations whose members will have those skills due to the nature of the association, thereby concentrating their search dollars where they are likely to produce the greatest rewards.

Second, the relationships firms establish as they identify new sources of potential candidates can evolve into permanent training services at little or no cost to the employer. If a firm establishes a relationship with a placement office of a technical school, for example, the school, as it learns more about the needs of the employer, might integrate new programs into its training curricula in order to improve the chances for its students to secure positions with the partner firm. Such relationships can also evolve into a screening service for firms at little or no cost to them. Trade associations, for example, might identify the criteria their members must meet to apply for a position with a given firm, thereby insuring that the firm receives applications only from candidates who are qualified to fill the position; a focus group participant indicated that a local trade association with which her firm has an on-going relationship regularly refers small numbers of appropriately qualified candidates.

Third, if firms can establish a sufficient number of institutional relationships, not only can they often secure a variety of services at little or no cost, but they can forego the expense of broad "net casting" and subsequent screening involved with nonspecific recruiting methods. A large advertisement in a local newspaper, for example, might cost a firm several thousand dollars and produce a week's worth of screening work for HR professionals, but not produce any appropriate candidates. Such costs can be avoided and likely candidates can be targeted through the relationships firms build with "sourcing" organizations. A related savings might accrue as a result of having a more manageable influx of resumes. One focus group participant reported that when her firm began actively sourcing, it began banking resumes as well—because there were fewer to manage, HR professionals could recruit from the backfiles.

Finally, because the building of institutional relationships creates knowledge about firms and their needs within the source institutions, candidates can learn about the company through them, rather than through the firms themselves. Ideally, from the firm's perspective, by the time a candidate reaches the interview stage, he or she has already learned about the company and does not require an introduction during the interview. Interview time can then be spent more efficiently.

A representative from a large manufacturer of packaging materials reported that her firm had worked with a local university to set up a 9-month training program for university graduates, tailored to the specific skills in-demand at the firm. This respondent noted,

> We are creating quite a successful training program for fresh graduates of [the] University Computer Career Program. They must have a BA or BS prior to [enrolling in] this nine-month program, and they have to test to get in . . . so we get people who have quite a few years of work experience already and they bring a little maturity to the job.

The majority of our respondents in both the focus groups and interviews reported having established some kind of relationship with at least one local educational institution. A few reported linking their firms with several institutions that were, in turn, linked to one another.

Among our respondent firms, two described particularly innovative types of "sourcing." These are described in detail below:

- In addition to building relationships with alumni, minority and professional associations, 3M is a member of a local "benchmarking" group. The group is comprised of representatives from 18 to 20 companies who meet regularly to discuss their experiences with "best practices." The mission of the group is not directly related to hiring, but members do inform the group when shifts occur in the labor demands of their firms (downsizing). Since members are aware of recently unemployed workers who might have the skills their firms need, the group can serve as in informal recruiting network.

- Southwest Airlines maintains relationships with the Chambers of Commerce in cities where it maintains a significant presence in order to find out about local firms which might be downsizing. Because these firms generally represent manufacturing or defense related industries, their workers often possess experience comparable to that in demand at Southwest and serve as a ready source of qualified candidates for hire. In addition, the firm "sources" its customers by advertising in its in-flight magazine. Southwest management believes that regular customers choose Southwest because of the high quality customer service, and since customers who most appreciate quality are likely to have had some experience managing or providing it, they are a perfect source of new recruits. Although the customer sourcing program is new, our respondent indicated that it has been successful.

Although sourcing was considered by our respondents to be an important new methods of recruiting, not all sourcing programs have met with success. A respondent representing a financial institution reported that her firm had attempted to link with local educational institutions, but found that many of the referred people lacked basic skills. Other firms reported that they source associations in a rather "obligatory" way without expecting them to be a useful source of qualified candidates. And one focus group participant reported that his high-tech firm (supported primarily by government contracts) regularly sources the Urban League and other minority associations but with little success.

Participating in Job Fairs

One outgrowth of the "sourcing" process for many employers has been increased participation in job fairs. These events represent the bridge between sourcing and external recruiting. They tend to be linked to the sourcing process for one of two reasons. Either firms are invited to job fairs sponsored by their sources—local networks, educational institutions, or professional associations—or, as a result of identifying sources of multiple potential candidates, the firms will host a job fair inviting groups of potential candidates from those sources. Although not all respondents were asked whether or not their firms host job fairs, approximately one-quarter of the firms represented (both in focus groups and interviews) confirmed that either their headquarters location or regional offices have hosted or currently host such activities. In addition, respondents from about half the firms in our study indicated that they attend job fairs hosted by organizations from which they source.

One focus group participant representing a large manufacturer of packaging materials indicated that she has attended job fairs, as well as hosted them. She noted that she has had some success with specialized job fairs, but emphasized her success with a recent open house she had organized. Invitees consisted primarily of information systems professionals she identified through professional networks (schools and professional associations). The event produced five new hires. In addition, the resumes and evaluations of several candidates who were not hired were added to the files as a future potential source of new hires.

Using Search and Research Firms

Search firms and individual consultants ("headhunters") are hired by private sector firms to fill specific, usually high-level positions. In some cases firms will have a predetermined list of candidates it wants the search firm to contact; in other cases, search firms work closely with outplacement agencies to identify potential candidates. Some search firms hire *re*search firms to develop a list of candidates from which one will be selected for presentation to the contractor firm. As the available labor supply includes more qualified candidates for high-level positions (a result of downsizing) firms are using search agencies less to fill long-term positions and more to fill immediate needs. Such firms used to sell "quality," but as the supply of executive job-seekers, search firms now sell speed in addition to quality. A respondent representing the firm IMCOR in Stamford, Connecticut, for example, noted that as firms are reorganizing and re-engineering in an attempt to make them more responsive, they, too, are looking to fill their staffing needs more quickly and with increasing flexibility.

Research firms are also hired directly by private sector firms to identify pools of qualified candidates for open positions. The human resources departments within firms generally take over the responsibility of the final screening and hiring of candidates once the research firms have assessed the skills, and perhaps more importantly, the interest and availability of these candidates.

Based on respondents' comments, there seems to be a general decline in the use of search and research firms and independent recruiters among firms of various types and sizes. Although most of our respondent firms had regularly used search/research firms in past years, only one-third of the firms participating in telephone discussions and focus groups currently use such recruiting methods, and all but one expressed some misgivings about this practice. One firm, Sears and Roebuck, has created its own internal executive search division in an effort to increase its external recruiting efforts. Only three respondent firms currently employ research agencies to identify external pools of candidates. Although these firms offer an alternative to the often prohibitive expense of search firms, and provide contractors with more autonomy in the hiring process after a pool of candidates is identified, our respondent firms still expressed dismay at the cost of such services when compared to the savings of "pre-screened" candidates that can accrue from good sourcing relationships.

Recruiting from Among Contingent or Leased Workers

Temporary or staffing services agencies have become significant sources of potential job candidates for firms of all types and sizes. Although we were unable to attain specific figures, our respondents and our focus group members provided evidence indicating that a significant number of temporary workers who do secure full-time employment each year find such work as a result of first being temporary employees.

Manpower, Inc. provides a good example of this phenomenon. Seventy-two percent of the 642,000 individuals employed by Manpower in this country (Rose 1994) desire long-term, full-time employment with one firm. Of these 513,000 Manpower employees, 45-50% are successfully hired into in traditional full-time positions each year. It is believed that a significant proportion of these individuals take jobs with employers with whom they were placed as temporary workers.

While staffing services firms used to view companies that recruited from the ranks of their temporary workers as "stealing" their workers and required them to pay a penalty for hiring these workers, the path from "temp to perm" appears to be gaining acceptance as a business practice. Olsten, another large provider of temporary workers for a variety of positions, maintains institutional relationships with several large firms. Among its client firms are a major telecommunications company and a software developer. Olsten provides all of the temporary workers these firms require; many of these temporaries become candidates for full-time positions with the firms in which they are placed. Manpower developed a relationship with 34 Bank One branches in the Milwaukee area to establish and manage on-site temporary help services. During the first year of operation, these services became a significant source of recruits for regular, full-time positions (Struve 1991). Kelly Services, Inc. maintains a separate division, Kelly Select, oriented toward "temp-to-perm" arrangements. This service allows employers and candidates to assess workplace "fit" prior to either making a commitment to a full-time position.

Almost half of our focus group participants reported hiring full-time staff from temporary labor pools. In contrast, only two telephone respondents, who represented high-performance firms or firms with innovative hiring practices, said that they use temporary services as a means of recruiting for long-term employees. High-performance firms tend to use temporary workers more strategically, for specific functions within the firm, or for shorter periods of time.

Using Employees as a Network: Employee Referral Programs

Another important form of external recruiting takes place through employee referral programs. These programs rely on current employees and their knowledge of the company's needs to identify appropriate job candidates. For many firms, these programs are important means of identifying potential candidates. Both in theory and in practice, they appear to provide firms with a relatively inexpensive means of finding new quality recruits. They can be considered a form of "sourcing" since they tap into personal networks. Whether or not a particular firm will have an employee referral program appears to be linked to regional unemployment rates, labor shortages by sector, and the desire of the firm to maintain its "core" workforce by replacing outgoing workers with similar candidates.

Employee referral programs can be either formal or informal. Formal programs provide incentives—such as stock or cash rewards—to employees who refer candidates or whose referrals are hired into the firm. Informal programs may simply encourage employees to use their personal networks, alumni associations, professional organizations, or neighborhood networks to identify potential candidates for positions in their firms.

One large manufacturing firm represented in our focus groups reported that it rewards employees who make low-level successful referrals with dinner or movie passes, but for employees who provide referrals for jobs in the information systems department, or in other divisions where the firm is severely understaffed, substantial cash rewards are available. Another large consumer products firm reported providing employee incentives of several thousand dollars on a graduated scale depending on the internal demand for candidates to fill certain positions. Another consumer product firm reported that it strongly encourages employees to use their personal networks for referrals.

Although most firms indicated that the primary reason for instituting employee referral programs was to help find qualified employees for positions for which there was high demand and low supply, other rationales also surfaced. Some respondents, for example, explained that their firms looked to referral programs as "insurance" against inappropriate hires. One small manufacturing firm's representative said that although the firm receives large numbers of applications on a regular basis, many candidates are not qualified, and the qualified applicants are difficult to pick out. Since the company has a high level of confidence in its current employees, it looks to them to "recommend candidates who they think are hard-working and trustworthy." Another respondent from a large transport company stated that relying on employee referrals helps preserve the "corporate culture" on which the strength of the company is based.

In the literature we found evidence in support of the idea that employee referral programs are an efficient and low-cost recruiting method. According to one article, "many managers believe that employee referrals are the best way to recruit new prospects. Current employees are committed to the organization and have a good understanding of how it operates. The people they suggest will probably have similar qualities. Additionally, these referrals are relatively inexpensive" (Barclays and Bass 1994). Another article offered empirical evidence from a study of the insurance industry that "personal recruiting sources" tap more successful candidates. The study found that 70% of "personal recruits" had survived their first years of employment whereas only 58% of the "impersonal recruits" were still with their respective firms. Moreover, the productivity of the former group during their first year was 34% higher than that of their "impersonal" counterparts (Mellon 1995).

Internal Recruiting

Finally, internal promotion programs also serve as a significant source of qualified candidates for "new" positions in a wide variety of firms. Of our interview respondents, three-quarters demonstrated a clear preference for internal hiring and promotion over external recruitment for non-entry-level positions. In addition, approximately half of our focus group participants indicated that internal promotion is an important part of the hiring process.

Data from the telephone interviews, focus groups, and the literature all point to substantial changes over the last few years in how internal recruitment programs are implemented. These changes all involve the use of new technologies, which include telephone-based internal posting systems, on-line databases containing descriptions of open positions, and internal electronic mail systems, some of which enable employees to submit applications and resumes electronically.

Of our 12 telephone respondents (selected to represent trend-setting or innovative human resource practices), four reported that their firms maintain some kind of internal on-line database through which employees can learn about, and in some cases apply for, new or open positions in their firms. Another four were either in the process of evaluating or installing such systems, usually as part of more comprehensive human resources information systems. Of the remaining four, two had relatively low-tech environments and maintained paper bulletin boards or internal newsletters which inform employees of new opportunities, and two other respondents were uninformed about internal hiring policies in their firms.

Although the focus groups did not specifically address the use of new technologies for internal hiring and promotion, a number of participants reported that they are either evaluating the use of various on-line systems (internal or external), or currently experimenting with them as part of more comprehensive automated human resources information systems. In addition, the literature review supported our observation that automated systems for internal recruiting are becoming increasingly common.

A few examples, gleaned from telephone respondents, will serve to give an impression of how technology is being used for internal recruiting:

- A large manufacturer of paper products maintains, for exempt-level positions, an electronic database connected to a telephone system. Employees may scan the list of available internal opportunities in a computer database. Each entry is accompanied by a toll-free telephone number which employees then call in order to hear a more detailed description of the position, and learn about its prerequisites and pay scale. The firm is currently upgrading the system so that it will be available for all full-time employees, exempt or non-exempt. Once the new system is operational, it will track employees who are part of the company's "surplus status program." This program allows "tenured" workers who are downsized or whose positions become obsolete to work in a lower-level position for their previous wage until an appropriate senior position opens. Automation will render this process more efficient and prevent loss of good employees.

- A large pharmaceutical manufacturer currently maintains a telephone-based internal posting system whereby employees call a toll-free telephone number to hear a list of open positions; pressing different numbers at the system's prompt allows them to obtain more detailed information. The firm also maintains an internal electronic mail system that it seeks to expand into an interactive HR system which would allow employees not only to learn about new positions, but also access their personnel files and information relating to vacation or sick days, insurance, and so on.
- A large manufacturer of parts for industrial and consumer goods has a policy of permitting employees to "self-nominate" for open positions (even in other divisions). The firm maintains an electronic database of open positions, (updated every other week) to which all full-time employees have access. Candidates can indicate their interest in open positions on-line, although they cannot yet attach their resumes or appropriate letters of recommendation to their electronic applications.
- A small manufacturing firm with a relatively low-tech environment uses an on-line network maintained by its parent company for internal recruiting. Employees have access to information about open positions not only in their own firm, but also in its multiple partner firms (representing a variety of industries).

In the literature, we found several examples of firms using similar technologies. The case of Federal Express Corporation stands out as particularly innovative. Federal Express (Fed-Ex) uses a new internally-developed system called Prism that allows the company to complete electronically 23,000 of the 25,000 transactions it processes daily. The system is based in Memphis, but can be accessed by all Fed-Ex employees worldwide. Although Prism handles a wide range of company functions, many of them relate to human resources. In terms of internal recruiting, Prism allows employees not only to access listings of new positions, but to complete applications and request recommendations. When Fed-Ex held a seminar on the new system, it attracted representatives from a broad range of large American and foreign firms. The system works so well, reports Robertshaw (1995), that "corporations are queuing up to find out how they did it."

The widespread use of these technologies is changing the way human resource professionals and employees function in their firms. These changes, which can be seen to benefit both HR departments and employees, are of three types.

First, the use of electronic systems that permit employees to access their own records renders it possible for employees to take more responsibility for their own careers. Employees can not only access a list of available opportunities, but they can often find out what prerequisites are required for different positions within their firms and engage in long-term training and/or planning. Concurrently, internal access to promotions and/or advancement opportunities is equalized because HR departments no longer engage in any unintentional "prescreening" by distributing job announcements to one department or division and not another.

Second, as more employees take responsibility for their own advancement and promotion (and any preparation required for such advancement) human resource professionals are relieved of burdensome and unnecessary inquiries or applications from employees about positions which may not exist or for which they might not be qualified. HR departments can therefore spend more time training and/or advising their employees about their preparation for such opportunities. Moreover, as systems become increasingly automated, employees have an easier time managing their paper trails—they can access a system to read their assessments and evaluate their promotion potential rather than filling out forms and waiting for HR to respond.

Finally, in cases where employers have developed strategies for avoiding layoffs—such as creating "floating staff" or "unassigned" positions—automated systems can help place employees in new positions more efficiently. Whereas, prior to automation, employees were forced to make personal or written inquiries about new opportunities within their firms' HR departments before even beginning the formal application process, they now have full-time access to all announcements in a central location. Employees can learn about new opportunities and act upon them much more quickly than they were able to with paper systems, and HR departments are less burdened by employee inquiries.

SCREENING

Screening as Part of Recruitment

Internal recruiting and "sourcing" are used by many firms to identify a manageable number of pre-screened (formally or informally) job candidates. It follows that in firms where targeted recruiting has become the norm, the need to design screening procedures for large numbers of applicants will diminish. Thus, candidates recruited from internal or targeted sources tend to "leap frog" the initial screening process that candidates recruited from the general public must successfully pass.

For candidates identified through internal recruiting, firms are likely to have immediate access to relevant screening information, including performance reviews and records of specific educational or experiential qualifications. These documents, in addition to results of the screening process completed when the employee was originally hired, can serve as the initial screening device. Candidates referred by current employees are also, in a sense, "pre-screened" because employees are unlikely to recommend individuals who are untrustworthy or unskilled, lest they risk their own positions with their firms. The primary screening tool for candidates identified through employee referral programs is the degree to which the employee who made referral "goes to bat" for the candidate, and, indirectly, that employee's rapport with the firm, (i.e., the degree to which the firm trusts the employee's judgment).

Similarly, candidates who are identified through sources with which firms have established "sourcing" relationships are also informally pre-screened. In such cases, the primary screening tools, from the firm's perspective, are the quality of the relationship between the firm and the "source," and the degree to which the source "goes to bat" for the candidate. If the two organizations maintain a high-quality relationship, the source organization is unlikely to recommend a candidate who does not match the firm's needs. If, on the other hand, their relationship is a casual one, the firm cannot necessarily rely on the source's judgment and will probably treat the candidate as an external hire and use more comprehensive screening methods.

In cases where firms contract search or research firms to locate candidates, or utilize the services of placement agencies, candidates are formally screened before they are presented to the firm through skills or behavioral tests (or both). Such screens can be tailored to the needs of the contractor firm. Similarly, staffing service agencies can tailor screening to fit the employer's needs.

Screening After Recruiting

For candidates hired using wholly external recruiting methods drawing from general pools of job-seekers, such as newspaper advertising or posting of job listings in local institutions, firms are making use of new technologies in the initial screening of applicants. There is, however, much debate on the effectiveness of the different tools available for screening. Among the most popular screening tools are the human or automated telephone screen, the pencil and paper test and the human or automated resume scan. Contextual assessment of skills represents are a new option for some employers.

Telephone Screening

Telephone screening is being used in a variety of ways. Its basic function is as an initial screening device. This method is useful for firms that want human discretion to play a primary role in screening or for job candidates who are not local residents. The human resource professional acting as the telephone contact typically asks the applicant specific questions that may not be covered in the resume, but are required for the job. Licensing and certification issues, for example, are issues that might be covered in the screening call. Human resource professionals call these "knock-out factors" because once a candidate is revealed to be missing a required attribute, he or she is eliminated as a candidate.

The telephone screen can also serve as an interview, in which case it is both the initial and final screening device. In an interview-type situation, the human resource professional is likely to ask general questions about the individual in order to assess "fit" and evaluate his or her communication skills, but the questions are not necessarily designed to eliminate the candidate on the basis of a particular response.

A number of firms have experimented with automated telephone screening systems. Typically, candidates respond to a series of questions by pressing the numbers on their telephones. If candidates respond inappropriately, they are thanked and the screening is terminated. As applicants progress through the screening, the questions become increasingly focused on the individual—her or his likes and dislikes, for example—rather than on specific attributes. Some programs allow applicants to "sell" themselves by providing several minutes for open-ended verbal responses after a general question such as "Why should our firm hire you?" One New Jersey-based insurance firm, in an attempt to provide candidates with ample time to respond to such a question, uses a program which instructs candidates to prepare responses to a series of questions and then call back to record their answers (Luongo 1990). The company feels this takes the pressure off candidates who might be uncomfortable with the automated system or hesitant to record their answers the first time they call the system.

Pic-n-Pay Shoe Stores in North Carolina has integrated a telephone screening system into its national recruiting practices. As applicants request applications in the individual stores, managers assess some qualifications and then refer candidates to an 800 number. Applicants call the number and listen and respond to a series of questions designed to assess "honesty, work attitude, drug use, candor, dependability and self-motivation" ("Recruitment Goes High Tech" 1994: 7). Their responses, along with a summary of candidates' response times for each question, are faxed to the store managers who evaluate them and complete the hiring process. Since the firm has implemented this system, its employee turnover rate has been cut in half. The store is now marketing the system to other retail chains.

For employers responding to inquiries from large numbers of unscreened job seekers, automated telephone screening systems have several advantages. For candidates who reach the personal interview stage, human resource professionals can ask questions based on the candidate's recorded responses to the automated screening. The systems that record candidates' vocal responses also permit interviewers to assess communication and technical skills independently of one another. During a traditional person-to person interview, notes one human resource manager, "managers have difficulty assessing applicant's communication skills while monitoring other capabilities as well . . . The tapes can enable a manager assess . . . communication skills free of [other] distractions" (Luongo 1990: 28).

Many of our telephone respondents reported engaging in telephone screening prior to personal interviewing. Three of these firms—Fel-Pro, Southwest and Target—maintain automated systems. Fel-Pro finds the system useful because the firm hires many workers for similar positions. For Target and Southwest, the automated systems help manage the large volume of job applicants

Our focus group participants expressed general interest in automated phone screening technologies, but only seven of the twenty firms represented in our study stated that they currently engage in telephone screening and none of the firms maintain automated systems. (The figure might be an underestimate because a number of these same firms involve the hiring manager in the screening process once recruits have been identified as candidates; hiring managers may engage in phone screens as recruiting tools without the knowledge of human resources staff). While a number of firms expressed general interest in automated phone screening technologies, most were wary of overautomation. The high-performance firms, in particular, feel that people are their most important resource and are skeptical of leaving decisions about them to machines.

Telephone screening, particularly using automated systems, is far more appropriate for some firms than for others. For firms that engage in sophisticated pre-screening, sourcing, or referral programs, telephone screens may not be particularly useful because the number of candidates is quite small and they are usually pre-screened. A small number of candidates lends itself to face-to-face interviewing as the preferred screening method.

Telephone screening is more appropriate for firms hiring large numbers of workers on a regular basis, or hiring workers for similar jobs, since the method tends not to discriminate between different types of candidates. In addition, the introduction of new labor market intermediaries that provide screening along with other services gives firms a wider range of options for screening candidates. Firms can now outsource screening, testing, interviewing or all of the above.

Testing

Pencil and paper tests range from those that assess specific skill sets to those that claim to predict behavior or assess candidate "fit." Skills testing, for certain positions, is relatively non-controversial. Where particular skills (math, word processing or mechanics, for example) are required to perform a job, and tests are available to assess those skills, many employers use them. Such test, however, reveal nothing about candidates' work habits, interests or other talents. These tests may be good predicators of a candidates' ability to do the job, but they say nothing about the candidates themselves.

Other tests attempt to address competencies—identifying both skills and behaviors in candidates. They typically attempt to assess behavioral attributes and characteristics using questions set in job-related contexts.

Tests that assess personality, attitude, and general competency and claim to predict future behaviors are often highly controversial. A wide variety of these test are available, including the Minnesota Multiphasic Personality Inventory (MMPI), the TrueTest, and the Wonderlic. One analyst compares the controversy over such testing to that surrounding abortion and capital punishment. There is ample reason for such comparison, as proponents on both sides of the issue often champion their positions very single-mindedly. On the one hand, for example, a study by the National Commission Testing and Public Policy concluded that workplace testing is "overused and ineffective" (Martin 1990), while another study by the National Research Council on Ability Testing stated that "nothing is more informative or economically viable than a test" (Martin 1990).

The basic dilemma for HR professionals is that in designing tests to guide hiring decisions, companies run the risk of opening themselves up to charges of discriminatory practices or other legal challenges. For this reason, many private consulting firms are assisting firms in developing tests that are legally defensible and that target characteristics in which firms are most interested. Effective testing procedures can result in dramatic improvements in worker retention and productivity. For example, Burger King Corporation worked with outside consultants to develop a selection battery of tests which would identify candidates whom the company would be likely to retain. The retention rate for the stores using the new test doubled. In another instance, a Minnesota food service company used an inventory developed by an outside consultant to select better sales representatives. In less than one year, the average annual sales of new recruits doubled (Martin and Lehnen 1992).

Approximately one-third of our respondent firms in this study require skills tests as a part of the screening process for new employees. The majority of these tests are used for candidates for administrative support positions, and the remainder are used for specific jobs, usually jobs involving the operation of machinery or computer programming. Three of these firms contract out the testing portion of the screening process, while the remainder test internally. Since only a relatively small percentage of all job candidates are required to take these tests, and the tests are usually directly related to the job description, they are not particularly controversial.

A number of the respondent firms in this study require personality profiles or character tests. We found that as the attributes preferred by employers shift from specific skills to attitudes, they become more interested in including personality or character tests as a part of the screening process. Many employers are extremely cautious about using such tests, however, particularly given the legal challenges to which employers expose themselves by using them (Lambert, 1994). Moreover, as these firms face increasing global competition and attempt to increase diversity in their workplaces, they express concern that such tests might discriminate against particular groups, even if unintentionally.

Of our twenty focus group participants, seven require new employees to take personality or character tests, but all of them expressed reservations about this practice. A few of our telephone respondents reported that such tests were used by particular divisions or locations, but none indicated that they maintained a company-wide policy on the issue. There was nearly universal agreement, both in the focus groups and among the telephone respondents, that personality and character tests have less value when recruiting is done via sourcing, employee referrals, or internally.

Resume Scanning

Although small firms and firms that engage in targeted selection are more likely to screen resumes by hand, we did find evidence of the use of new resume scanning technologies in larger firms, in particular, staffing services firms. Recent advances in optical scanning hardware and software have made automated resume screening of potential candidates an attractive screening device. One proprietary system, called Resumix, enables companies to bank large numbers of resumes of its own staff and of potential recruits ("Resumix Forms Strategic Alliance" 1995). The system can be customized to meet the needs of firms. It sorts by multiple fields and matches candidates to open positions. Resumix and Restrac, its competitor, are the two systems of this kind most frequently mentioned in the literature and by our respondents.

Although some firms, such as Federal Express, have had tremendous success with scanning systems (or comprehensive human resources information systems that allow resume scanning and banking) and there is considerable information about such systems, we were unable to find examples of their use by firms representing a wide range of sizes and types. Of the firms represented in our focus groups, only three currently use such systems: First Chicago Corporation is using Restrac, Scientific Atlanta maintains a scanner and database, and Management Alliance Corporation, after trying a number of other systems, is using one it developed internally and hopes to market and sell to other firms. Among our telephone respondents, one reported that her firm is currently using automated resume scanners, although several respondents noted that their firms were in the process of evaluating or experimenting with new such systems.

One reason for this lack of interest in resume scanning maybe that the high-performance firms in our sample, as noted earlier, are hesitant to over-automate in their efforts to manage paper flow. Moreover, these firms have identified informal or formal targeted recruitment a way to recruit more strategically, thereby rendering their paper flow manageable. Targeted recruitment, whether formal or informal, reduces the need for firms to screen after recruiting. In addition, firms that use telephone screening (including about one-third of our respondent firms) are not likely to need an additional "layer" of automated resume screening.

Where resume screening does appear to be quite useful is in managing very large numbers of resumes to which firms require constant access. One of the three firms using automated systems is a provider of temporary staffing services to other firms; the other is a financial institutional which employs many part-time workers and has a high employee turnover rate.

We know from our discussions with labor market intermediaries that their resume banking and screening systems are quite sophisticated. This may be another factor in firms deferring investments in the development of their own resume management systems. As third party intermediaries provide more sophisticated services, firms may be able to access such services through the staffing agencies with which they are already associated.

Despite an overall lack of enthusiasm for resume scanning systems, we did find evidence to indicate interest among larger firms in more comprehensive human resources information systems (HRIS) or human resources management systems (HRMS) that may include resume scanning and banking among their functions. As these systems become increasingly capable of managing large amounts and varieties of information, companies will be able to maintain their own internal resume banks and develop customized solutions to their human resource management needs. We found evidence of growing interest in this process both in the literature and from focus group respondents. In addition, a recent conference on the uses of technology in the human resources function in San Jose, California, drew 6,000 human resource professionals and exhibitors of human resources management consulting services and computer applications.

On the other hand, both focus group participants and telephone respondents expressed reluctance about investing in such technologies and in training their employees to use them. One respondent noted that his firm is "in no hurry to implement any large scale HR management system." Other respondents felt similarly, citing a variety of reasons for waiting. First, a vast array of third party intermediaries will perform such services tailored to the firms' individual needs better and cheaper than firms could do it themselves. Second, for most firms, the number of employees hired at any one time does not justify the expense of either extensive searches nor large internal resume banks. Third, while new technologies have drastically changed the way firms work, there is a fear on the part of human resource professionals (and others) of becoming overly-automated. While some of this fear can be attributed to the fact that new technologies might render human resource professionals obsolete, much of it derives from the perception that people have better intuition than do machines and can better identify attributes related to corporate culture in prospective employees.

Contextual Assessment

None of our respondents reported experience with assessment centers probably because they are most widely used by federal, state, and local governments (Lowry 1994). We did, however, find mention of them in the literature. Two articles we reviewed address their use as an alternative screening or promotional device.

Assessment centers typically provide simulated work settings that allow supervisors, managers and human resource professionals to evaluate a candidate's performance in a setting comparable to the actual workplace. Work tasks that can be simulated range from group interviews to team problem-solving exercises testing general or broad attributes to detailed tests of manual dexterity, accuracy or other specific skills required for specific occupational categories.

Assessment of Broad Skills

As firms move toward preferring specific attitudes and attributes over specific skill sets, Nagro (1994) suggests that assessment centers may help firms not only in their hiring practices but also in their efforts at organizational transformation. Nagro links assessment, or skills cataloguing, to human resource practices and employee education. He suggests that comprehensive assessments permit firms to evaluate holistically the strengths and weakness of the firm as a whole, the divisions within it, and of the individual employees. The evaluation in turn can inform the firm's strategic planning effort, of which hiring is a part.

Although assessment centers can add significant costs to the hiring process, McDaniel (1995) argues that such investments reduce costs in the long run by producing better hires, less turnover, and increased job satisfaction for new employees. Again, as third party labor market intermediaries expand into new markets, there are increasing numbers of organizations and individual consultants to assist firms in this practice.

Assessment of Specific Skills and Attributes

Staffing services firms, in particular, have developed extensive assessment procedures using contextual assessment of work-relevant skills for use in screening job applicants for their temporary workforce. These assessment tests are designed to be "diagnostic, rather than pass-or-fail tests. Their function is to critically analyze a worker's overall talent by identifying and measuring skills and aptitudes" (Seavy and Kazis 1994: 32).

For example, Manpower, Inc. has developed assessment procedures for use with applicants interested in both industrial and office work. The assessment process identifies the critical tasks to be performed in the targeted job categories and uses a series of simulated work exercises to measure the skills, knowledge, abilities, and behaviors of applicants interested in those job categories. For example, Manpower's assessment for industrial work, called Ultradex, consists of a battery of seven hands-on tests to predict on-the-job performance and productivity in light industrial occupations such as packaging, inspection, small-parts assembly and machine operation. These tests measure a variety of skills including, for example, speed pertaining to dexterity, ability to follow instructions, desire to do quality work, and attention to detail (Seavy and Kazis 1994).

Interviewing and Final Screening

Whatever initial screening devices are used (including targeted recruitment), an interview is still the primary form of final screening and the major assessment tool in hiring new employees. Although the interview has always been an important step in the hiring process, it may be even more crucial now as firms increasingly seek behavioral attributes in new employees.

There have been several major innovations in the area of interviewing: the advent of video-conferencing as a means of long-distance interviewing, the development of more strategic interviewing techniques and specific interview protocols, and the related increase in the training of employees involved in hiring in the interview process. "Team hiring" appears to be increasing as well, which often uses group discussions in place of individual interviews with several members of the "hiring team."

Video-conference interviewing is not widely used among our participant firms. Although our respondents were aware of such technology, none of them had made use of it. Several respondents, however, indicated that others in their firms, locally or regionally, had done long-distance interviews using this method. One firm in our focus group provides video-conferencing services to clients, but has not used them to recruit its own employees. Though the literature addressing video-conferencing as a hiring tool was limited, casual discussions during focus group sessions indicate that employers would rather use this technology to include remote members of the hiring team in an on-site interview than to interview a candidate from a distance. Most firms feel that the interview is important enough to transport good candidates in and allow them to see their new potential workplace. One participant representing ServiceMaster noted he thought it might be more expensive to video-conference, if the interview is at all lengthy, than to pay for the candidate to travel to the interview site.

In contrast, face to face interviewing is widespread among firms of all types and sizes. The literature revealed a considerable number of interview advice columns for both employers and job seekers. For employers, common themes included: developing a structural protocol for interviewing so the required information can be extracted; asking a mix of closed-ended and open-ended questions so that candidates of all types can demonstrate their skills; asking questions that are relevant to the job; and asking questions that allow candidates to demonstrate their abilities rather than just tell employers about them (Circucci and Hebble 1994; "How to Form Hiring Teams" 1994; Melohn 1994). These results are consistent with the findings showing a shift toward preferring aptitudes and attitudes over skills: firms are adjusting their evaluation methods to reflect the new characteristics in which they are interested. Behavioral-based interviewing addresses character and communication skills, and can be used to assess skills in other areas.

One structured test protocol, the Targeted Selection Interview (TSI), created by Development Dimensions International (DDI), a Pennsylvania management consulting firm, generated considerable attention in the literature and among our focus group participants and telephone respondents. The interview protocol can be customized to fit the needs of individual firms. The TSI aims to extract the information from candidates that will best predict their performance and approach to the job. The items in the TSI—which ask job applicants to describe how they would respond to specific job-related situations—are scored to yield a quantitative measure of how well the candidate fits the firm's desired candidate profile.

Of our twelve telephone respondents, two firms, Merck and Southwest, currently use the TSI and are reportedly quite satisfied with it. Four other firms reported that they are using other standardized behavioral-based protocols, and two others do assessments or personality profiling as part of their interview process. While none of the focus group participants currently use the TSI, it was discussed as a part of the screening process. Many participant firms are currently using a behavioral-based interview processes, "strategic interviewing," or, in the case of ServiceMaster, a combination interview/character assessment (the Management Perceiver), and are eager to learn about alternatives.

A number of participants in our study have sought services from outside consultants in developing the structured protocols they use for interviewing job applicants. In addition to assisting employers in extracting necessary information from potential candidates, such intermediaries can also assist employers in understanding equal opportunity guidelines and other regulations associated with the hiring process. When this issue emerged during several of our focus groups, it generated considerable debate. One participant, representing a small firm without the resources to devote large amounts of staff time to legal compliance issues, identified concerns about such issues as equal opportunity regulations, the Americans with Disabilities Act (ADA) and worries about potential liability for sexual harassment, as among his primary hiring challenges. He commented, "We don't know . . . what questions we can ask . . . or how to ask [them]."

Compliance issues, in part, are driving more employers to engage in training in 'how to interview.' Focus group respondents and telephone participants universally supported such training. Many expressed frustration about hiring managers who do not know the rules about interviewing and are not receptive to training in this area. Several focus group participants currently provide formal training for employees involved in the interview process; ServiceMaster has developed an internal manual for hiring managers. Training hiring managers in the hiring process will become increasingly important as firms attempt to systematize their interview processes.

Evidence from our respondent firms and the plethora of information found in advice columns in personnel journals indicate that the use of drug testing, security clearances, and reference and background checks as final screening processes is becoming increasingly common in firms of all types and sizes. Participants in our study identified two primary reasons for this change. First, the increase in fraud or exaggerated qualifications in resumes and the reluctance of references to provide negative information for fear of legal reprisal are forcing firms to find alternatives to, or at least support for, evaluating candidates based upon reference checks. As firms come under pressure to reduce hiring mistakes, they become more willing to invest resources in background checks as a kind of insurance against hiring an individual who is not appropriate for the job. Second, firms are more easily able to contract for these final screening services, as there are increasing numbers of service providers who specialize in these functions. By contracting out, firms are freed from the financial and time constraints they would face if they performed such checks themselves. While contacting firms that specialize in providing these screening services, (drug tests, credit checks, etc.) was outside the scope of this study, many respondent firms indicated that they do contract out specific functions to such entities.

Of our telephone respondents, one-third require more than one security check, (background, references, drug screen or credit history) and maintain their own internal providers of such services. Another third of the respondents require similar checks but contract out one or more of these functions. The remaining firms either do not conduct background checks or rely primarily on internally conducted contacts with references. Companies with strong personal recruitment and referral linkages have a somewhat less pressing need to conduct background checks than firms recruiting from the general job-seeking public.

The vast majority of the focus group participants also indicated that they require background check for new employees. About half of them outsource one or more types of the clearance checks (usually the drug screen) and then complete the verification process internally. The security screen is not necessarily separate from the other parts of the screening or interview process. Any or all of these tests may be completed before, after, or at the same time as the interview process. Moreover, when employees are hired away from staffing services agencies, employers are unlikely to test them at all because the staffing agency has done so already.

INTEGRATING NEW WORKERS INTO FIRMS

Making the Job Offer

After selecting a candidate, firms notify the winning candidate and make an offer of employment. We found two changes in how the job offer itself is made. First, employers are extending fewer full-time job offers and presenting these offers differently. Second, employers are increasingly securing top-notch candidates through their benefits packages and other "perks," rather than through high salaries (or salaries alone).

The changes in practices associated with making the job offer provide substantial evidence of the changing workplace relationships addressed by Bridges (1994) and Rifkin (1995). As, the use of contingent workers in most firms has increased, the number of full-time regular employees has decreased as a percentage of the total workforce. More job seekers, then, are searching for fewer full-time positions. Employers attempting to streamline their operations, increase their firms' responsiveness, and have more control over expenditures are increasingly reluctant to extend "permanent" job offers. Firms in our study expressed great concern over the use of the word "permanent" to describe job offers extended to new recruits. One firm reported that in their formal offer letters, only weekly or monthly salaries are specified, not annual ones, and the letter includes a disclaimer informing the employee that her or his tenure with the firm is contingent upon the needs of the employer.

Perhaps in part because of this trend, firms are increasingly recruiting both long-term and task-specific workers on the basis of the benefits they provide. This is particularly true for the high performance firms in our study, and may be, in part, the reason for their ability to attract and retain high quality candidates. Firms looking to implement high-performance practices are hiring fewer workers to fill full-time positions, but they are offering more comprehensive benefits packages to these employees.

We found one firm, a small manufacturer of sealants, that provides an impressive range of benefits and services to its workers in an effort to remain an "employer of choice." First, in addition to an extensive in-house training program, the firm maintains a tuition assistance program, an educational counseling program, an interest-free computer purchase program, a scholarship program for the children of employees who attend college, and a small gifts program for the children of employees who graduate from high school. The firm also maintains an elder-care referral service and an innovative "emergency care-giver" service whereby (for a nominal fee) a qualified individual comes to the home of the employee to care for sick children or handle short-term emergencies that would otherwise force the employee to miss work. In addition, once each month, the company provides a variety of services, such as legal advice/referral stress counseling, and other enrichment programs free of charge. While such packages might not affect the hiring process in direct ways, they impact employee retention, commitment, productivity and loyalty, thereby supporting the firm's reputation. The investments have paid-off— this firm has developed a loyal and productive workforce, a ready pool of potential new hires and continues to make the top-ten lists of employee-friendly companies developed by non-profit organizations and management associations.

While this firm's benefit policies are far from typical, many firms in our study reported using their benefits packages to attract high quality workers. Although there might appear to be a contradiction between firms seeking commitment, loyalty and corporate-culture "fit" in new full-time employees and not promising such loyalty in return, this phenomena is representative of changing workplace relationships and organizational structures. Charles Handy (1989) describes the emerging workplace as a "shamrock" organization comprised of a professional core of workers critical to the organization's operations who are few in number but well-compensated, contractors who specialize in non-core work, and part-time or temporary workers hired to accommodate fluctuations in the workload. The three functions represented by these groups of workers correspond to the three staffing methods that firms are using to meet their labor power needs. Thus, the changes in job offers being made to workers are reflective of the changed overall relationships between workers and employers.

Using Probationary Periods

The probationary stage of the hiring process has also changed as a result of dramatic shifts in the stages preceding it. As the firms become more strategic about their recruiting and screening practices, the need for probation diminishes because more hiring "mistakes" are prevented. The telephone respondents and focus group participants who addressed the topic indicated that their firms' selective recruiting tools reduce the degree to which they enforce their probation policies. Three of our telephone respondents explicitly stated that their firms had no probation policies. Seven others indicated that their firms had probation policies on the books, but that they not invoked them in recent memory. One firm reported that it maintains a 90-day probationary period but also stated that it offers career management services after 30 days. Only one firm reported an increase in the degree to which it relies on its probationary policies. This firm, however, is located in a high-growth/low-unemployment area and has had to relax its screening procedures in order to recruit workers at all.

In three focus groups, when participants were asked about probation, they instead discussed their training programs. We find that many firms link the two processes. One firm, for example, has no probation policy, but finds that after their training, "new hires know within 90 days whether they will be successful."

Among the telephone respondents, we found one particularly innovative program designed to render the hiring process more effective and eliminate the need for a probationary period. Motorola's Semiconductor Products Division in Phoenix, Arizona has developed a policy that it refers to as its New Hire Warrantee System (NEWS). This policy was developed as an outgrowth of the firm's strategic plan, and is part of an effort to systematize this division's hiring process so that it can count on having high-quality candidates every time. The human resources department guarantees that if the hiring managers or teams communicate their needs appropriately, the candidates recruited by HR will become successful employees. The hiring managers, in turn, guarantee that they will communicate their needs to HR in exchange for guaranteed recruits. The program is intended to eliminate the need for a probation policy.

Integrating New Workers Into the Firm

The nature of the orientation program, or the way in which new workers become integrated into firms, is similarly changing. We find two major shifts in such programs. First, orientation programs are integrating workers into their workplaces not only by training them in particular skill sets, but also by training them in the firm's culture or values. Second, orientations are increasingly seen by employers as a part of ongoing education and training programs— they are no longer considered one-time events.

As firms increasingly seek candidates with "core values" consistent with their corporate cultures, the orientation program, along with the benefits package, "not only serves as a means of rewarding employees, but also as a mechanism to influence behavior, gain commitment and insure tightness of fit" (Collins and Porras 1995: 133). Companies that encourage new workers to adopt a shared set of corporate values attempt to "translate their ideologies into tangible mechanisms aligned to send a consistent set of reinforcing signals" (Collins and Porras, 1995: 135). Orientation is one of these mechanisms.

Of the twelve high-performance firms participating in the individual telephone discussions, eleven identified their firm's orientation program as a key way to teach new workers about the company's "culture" or "mission". Many of these firms provided separate orientations by job-function to train new employees in work skills or procedures. Five telephone respondents reported that their firms offer extensive internal career management services to employees. Four of the five also operate their own internal "universities," "colleges," "institutes," or continuing education programs. Motorola's company policy demands that all employees engage in 40 hours of continuing education every year. Other firms interviewed for the study provide tuition reimbursement programs. Among focus group participants, several reported that they operate mentor programs for new employees.

Orientation is, increasingly, only a part of the continuing education process. The emphasis on continuing education rather than one-time orientation is part of the new employer-employee relationships. Many employers are increasingly interested in investing in their long-term employees. Among the high-performance firms in our telephone discussions, many invest in all employees. Although employers can no longer guarantee indefinite employment, they can instill loyalty in their employees by providing them with the opportunity to improve their existing skills and acquire new ones. This new "contract" is but one of many features of the changing labor market landscape.

This study has found that firms vary substantially in how the hiring process is organized as well as in the capacity of internal human resources staff to carry out the different functions associated with hiring and staffing. Overall, firms now have a wide variety of staffing options available to them, ranging from hiring and investing in long-term core workers to hiring contingent workers for specific tasks to leasing staff from outside agencies to meet fluctuating labor needs or carry out specialized functions. The next chapter suggests how various actions by private and public sector actors might support individual firms as well as job seekers in the hiring process.

III IMPLICATIONS

We have found evidence of the new relationships between employers and employees at each step in the hiring process. Employers are using multiple staffing methods to fulfill their human resource needs. The skills sought by employers, and the methods used to identify individuals who possess such skills, are largely determined by the combination of staffing methods firms choose. The availability of these new staffing methods and the related increase in the numbers and types of labor market intermediaries involved in the staffing process have dramatically affected the ways in which employers and job-seekers interact at each stage in the hiring process. These changing relationships carry far-reaching implications for employers, job-seekers and public and private sector intermediaries.

IMPLICATIONS FOR THE PRIVATE SECTOR: IMPROVING THE HIRING CAPACITY WITHIN FIRMS

During the telephone discussions and focus groups conducted for this study, human resources managers from a wide variety of firms described facing similar hiring challenges. The most frequently mentioned challenges included:

- **How to use hiring practices to support the achievement of corporate strategic planning goals** such as increased overall productivity, cost-competitiveness, and bottom-line sales and profitability. To meet this challenge, human resources managers emphasized that they needed to build close working relationships with other corporate managers.
- **"How to do more with less."** Almost universally, hiring managers described that they are trying to carry out increasingly sophisticated hiring tasks with human resources departments that have been downsized, along with the rest of their firms, and are under pressure to contain hiring costs. For this reason, companies were sometimes reluctant to use new hiring technologies, if they were perceived as increasing the burden on already overworked HR staff.
- **Whether and how to use contingent workers to supplement their permanent work force.** Most of the firms with which we talked are using temporary or contract workers to carry out at least some tasks within the company. They need to decide which functions and which occupations benefit the most from the use of contingent workers, and which functions would be better conducted by long-term employees. Some firms also worry about the effect of using contingent workers on the morale of long-term employees.

Many of the focus group participants and telephone respondents agreed to participate in this study because they were interested in hearing about the hiring challenges faced by other firms and learning about how different firms had addressed these challenges. In some instances, the focus groups for this study served as networking sessions for human resource managers who attended. Some even exchanged contact information with other attendees so that they could continue the information-sharing begun in the focus group discussion.

While many firms have extremely well-trained and capable human resources staff, staff responsible for the hiring process in other firms would clearly benefit from access to good information about current trends in the hiring process and from training for human resources staff responsible for the hiring function. The skills and knowledge needed by the individuals responsible for improving and carrying out the hiring function within firms include:

- Information about the range of possible corporate hiring objectives, tools, and practices.
- Information about specific hiring procedures, how to carry them out within the firm, and how to manage them, if performed by outside labor market intermediaries.
- Specific skills valuable for staff involved in the hiring function, and how to obtain high quality training in those functions.
- Information on the services available from labor market intermediaries, and the differences in the quality and cost of services available from different sources.

Promoting the availability of good information on these topics—particularly for human resource staff from smaller firms—would increase the capacity of private sector firms to design and manage hiring procedures to further corporate strategic goals. While it is beyond the scope of this study to develop a detailed capacity-building agenda for hiring in the private sector, a combination of company self-examination and third-party supports would appear to be beneficial for many firms, as described below.

To improve hiring practices, many companies would benefit from a process of self-examination that applied their process analysis and continuous improvement skills to the hiring process itself. An analysis of how well different hiring methods and tools are achieving their goals over time would help companies make choices about: (1) how much to invest in different recruitment and screening practices; (2) when to seek assistance in the hiring process from labor market intermediaries; and (3) when to carry out a staff function using long-term employees versus arranging for leased staff. Viewing the hiring process as a cross-departmental "team project" might also help the different members of the hiring team (e.g., human resources staff, department managers, and work supervisors) work together more effectively. In addition, the examples set by "high-performance" firms demonstrate the advantages of viewing hiring and training as linked strategies to improve workforce flexibility and productivity.

Third-party supports to improve private sector hiring capacity might include increased networking and information sharing among human resources professionals and between human resources networks and networks of firms in the labor market intermediary industry. While some companies might worry about sharing their hiring secrets with their competitors, networks or associations of firms with common interests (e.g., firms and their supplier networks) or professional associations of human resources staff across a range of industries might provide the opportunity for information sharing about hiring practices or procedures. Larger companies with more sophisticated hiring practices might be willing to share information with smaller companies, or companies with a common desire for improved information about hiring possibilities might collectively secure the services of a consultant or trainer on topics of comon interest.

Improvement of the hiring process within private sector firms might also include more effective knowledge about and use of the services available from public or private labor market intermediaries. Increasingly, labor market intermediaries are offering a wide range of hiring and training services to companies. These services range from assistance "sourcing" appropriate workers, to assistance staffing entire departments, to support helping long-term employees plan for career management within and beyond the firm. Labor market intermediaries are increasingly offering client firms an ongoing alliance in the hiring and workforce development process.

IMPLICATIONS FOR THE PUBLIC SECTOR

This study confirms that private sector firms have had a very mixed experience using the services provided by the public employment security agencies. While some respondents indicated that they have developed good working partnerships with Job Service staff resulting in the referral of appropriate candidates, many firms participating in the study indicated that they had become discouraged by a lack of continuity in the relationship with Job Service representatives, by a lack of familiarity with or attention to their specific hiring needs, and by the resulting inappropriateness of candidates referred by Job Service.

In their efforts to revitalize the public employment services and initiate "one-stop" delivery of workforce development services, many federal and state employment security agencies are trying to engage private sector employers in a new partnership to redesign services that will support the private sector hiring process. Part of the redesign process at the local site level includes listening to what employers say they want and need and implementing a continuous improvement process to elicit customer feedback on how well services are meeting employer needs. In addition to improving services provided directly to employers, the public employment service and its "one-stop" workforce development partners are also redesigning the services provided to job seekers to help them prepare for the skills in demand in the workplace and market their skills effectively to employers.

Improving the Services Provided to Firms

The providers of publicly-funded employment and workforce development services have much to learn from the service approaches developed among private labor market intermediaries. Among the features of the services modeled by labor market intermediaries are the following:

- The provision of hiring services customized for each client firm based on a careful study of its specific hiring needs and organizational structure, including an analysis of the job to be performed and the skills needed to perform it.
- The availability of a wide range of services that give employers a number of different choices about how much "hands on" involvement the company wants to have in the hiring process versus how much to "hand over" to the intermediary.
- A customer-oriented approach that gives careful attention to growing the client/provider relationship over time, including ensuring continuity of service representatives, in recognition of the fact that repeat business and sole source business will develop only if the client company feels that its hiring needs are a high priority to the intermediary.
- The offer of immediate replacement referrals if an initial referral does not work out.

In improving their image and developing productive relationships with private sector employers, the public sector might do well to consider developing approaches that involve collaborations with private sector labor market intermediaries. This is the approach that has been selected by a new public "one-stop career service center" in Milwaukee, Wisconsin, that has contracted with Manpower, Inc. to develop and manage its redesigned services for employers.

One of the ideas that DOL and its state employment security agency partners are considering as a new service to be offered to employers is an automated resume bank or "talent bank" that employers could review, for a fee, to generate a pool of possible job candidates for specific job openings. The findings from the present study suggest that this approach would be of most interest to labor market intermediaries, which are equipped to scan large numbers of resumes and subsequently assess and interview significant numbers of job seekers in their efforts to stock and replenish their pool of contingent workers.

Individual firms that are currently using expensive search firms might also be interested in reviewing selected resumes from a talent bank, if they are seeking workers with specific technical skills or well-defined previous work experience and have the capacity to screen and select relevant resumes. However, firms that are currently using targeted sourcing from lower cost sources—such as informal linkages with professional networks and education or training institutions—and firms that are more interested in aptitudes and other traits rather than specific skills would probably see little advantage in switching to a recruiting procedure that would substantially increase the number of unscreened resumes they had to consider.

As private labor market intermediaries expand the range of the services offered to employers, public agencies, too, may wish to consider expanding the hiring support services they offer to employers. Expanded services might include a variety of services to incumbent workers and their companies, such as internal career management services and training to existing workers in job-specific or general teamwork and communication skills. Private labor market intermediaries are emerging as well-positioned and capable providers of training services to long-term as well as contingent workers. Collaborations between public and private agencies might help the public sector become a more credible player in these markets, with core services—such as information and service brokering—available at no cost to all customers and expanded services offered on a fee-for-service basis. Alternatively, the public sector role might be limited to supporting increased access on the part of small or at-risk firms or other firms unable to secure needed assistance from the private sector.

Improving the Services Provided to Job Seekers

The present study also has implications for improving the services provided to individual job seekers. Because of the changing nature of the relationship between employers and workers there is a need to counsel job seekers about the changing nature of jobs and the different situations in which work is available, ranging from individual consultant contracts, to work as a temporary employee or leased worker for a staffing services agency, to long-term employment with an individual firm. Job seekers need to have a good understanding of how their choice of employment setting will affect their working conditions, earnings, and opportunities for training and advancement, as well as the longevity of the immediate work assignment. Some job seekers may decide to seek the task-specific orientation of project-linked contract work; others may seek the variety of temporary assignments for a variety of employers; while others seek long-term employment with a specific employer.

In helping to prepare individual job seekers to find employment, the public employment service also needs to prepare job seekers for the types of recruitment and screening practices they are likely to encounter in the private sector. Changes in the skills sought by employers and the methods used to test and screen job candidates need to be reflected in the information provided to individuals about how to prepare resumes, locate job openings, and conduct an effective job interview. In this area, there may be additional opportunities for effective collaborations between public employment services and private outplacement agencies and search firms to link job seekers to employers seeking qualified applicants.

Finally, changes in the relationships between workers and firms suggest the need to change the current paradigm of worker dislocation services, in which layoffs are viewed as a traumatic event triggering a crisis-oriented response. If current hiring trends continue, workers will need periodic access to retraining and reemployment assistance over the course of their working lives. The distinction between employment and unemployment will need to be softened for workers with temporary and flexible jobs in an increasingly mobile workforce.

To adapt to the new work relationships, several changes will be needed. First, workers may need to have more continuous access to public reemployment services and supports, rather than waiting for a layoff to trigger eligibility for special services. Second, workers will need to take increasing responsibility for maintaining their employability over time through ongoing training and staff development both during periods of employment and between jobs. Third, a new range of services will need to be designed to support continuous skills development both for contingent workers and long-term company employees.

Changes in hiring and staffing practices may result in an increasingly divided labor force. In contrast to economically secure "core workers" who will have access to skills enhancement opportunities and other benefits—including health insurance—through their employers, contingent workers will be responsible for securing their own education, training, and other benefits. The public sector may need to play a role in helping this less privileged group of workers access skills enhancement and other support services, so they can attain, maintain, and increase their employability.

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SOCIAL POLICY RESEARCH ASSOCIATES

CHANGES IN THE HIRING PROCESS:
NEW ACTORS, NEW PRACTICES, AND NEW CHALLENGES

FINAL REPORT
VOLUME II: APPENDICES
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PREFACE

In the current competitive international marketplace, U.S. companies are challenged to make hiring and staffing decisions that will help them build a productive and efficient workforce. The U.S. Department of Labor, Employment and Training Administration, has contracted with Social Policy Research Associates (SPR) in Menlo Park, California to study how private sector firms recruit and hire new employees and identify what emerging practices and procedures are being used by firms to meet their human resource needs.

Findings from this project will be used to inform public policy decisions as they relate to the human resource needs of the private sector and, particularly, how to support companies in their efforts to recruit, screen, and hire qualified workers.

This report summarizes findings from four distinct data collection activities, including: (1) a review of the literature, (2) telephone discussions with representatives of key national labor market intermediaries; (3) telephone discussions with individual firms identified as having high-performance workplace organizations or innovative hiring practices; and (4) focus groups with employers in three cities. The report has been submitted in two volumes. The first volume includes the integrated study findings and implications across each of the data sources described above. The second volume consists of separately bound appendices summarizing the information obtained from each data collection activity.

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APPENDIX A

Summaries of Telephone Discussions With Labor Market Intermediaries

APPENDIX A

SUMMARIES OF TELEPHONE DISCUSSIONS WITH LABOR MARKET INTERMEDIARIES

DESCRIPTION OF OUTPLACEMENT FIRMS

(Also referred to as Human Resource Consulting Firms)

Primary Clients

Paying clients are companies that are downsizing and laying off workers. Clients receiving services are displaced workers--who receive reemployment assistance--and corporate human resource managers--who receive consulting on hiring, terminations, career management for employees. When they were first formed in the 1960s, outplacement firms worked primarily with executive and upper management level individuals. Their client pool has subsequently been expanded to include a wider range of occupational levels at many firms.

Secondary Clients

Additional clients include companies that pay for assistance in creating internal career management programs for workers still employed by the company. This might be after a downsizing or in preparation for a downsizing.

Services Provided

Services provided by outplacement firms include assisting displaced workers with career planning and job search to find new jobs and assisting firms with training on the hiring and termination processes and internal career management programs.

Role Played in the Private Sector Hiring Process/Relationships with Other Intermediaries

Outplacement firms assist individual displaced workers by providing them with information about employers and available jobs. They help individual clients network with potential employers. They do not receive any payments from new employers for providing successful job candidates. However, they may network with search firms, both temporary and permanent, to find jobs for their clients.

Trends for Outplacement Firms

Outplacement firms grew rapidly during the 1980s to address the needs of downsizing firms and affected workers. As downsizing slows, they face an identity crisis. Two directions that individual outplacement firms may go include (1) expanding internal career management services, marketed to employers for their current workers and (2) marketing career development/career management services to individual job seekers.

DISCUSSIONS WITH OUTPLACEMENT FIRMS:

Lee Hecht Harrison
Senior Vice President. Professional Services and Development
National Headquarters
200 Park Avenue. Suite 2600
New York. NY 10166
212/557-0009

Founded in 1974. Lee Hecht Harrison's mission is to help organizations and their employees deal with the impact of change triggered by restructurings, downsizings, mergers, acquisitions or plant closings. Lee Hecht Harrison has 375 employees with revenues in 1994 listed at $60 million. The firm is a division of Adia, S.A. the second largest international personnel services company with over 1200 offices worldwide.

Profile of Industry. The outplacement industry has changed considerably over the past few years, according to the respondent. In the past 18-24 months there has been a tremendous change in the way employers view outplacement services. There is a seriousness and urgency that hasn't always been there. The industry grew quickly with an effective mode of reacting to events within organizations. Downsizing was rampant because companies were looking for assistance and in turn the outplacement industry grew dramatically. The industry did not have to work on a future vision because they could be successful with the vast amount of business available.

The outplacement industry is now going through an identity crisis. As the industry moves forward, the firms are looking at providing a broader spectrum of services. This movement has prompted the development and marketing of more internal career services as well as a move towards changing the focus of the outplacement firms to "Consumer Career Services" (providing career services in the same manner a career counselor or career development firm functions).

The industry movement can be seen in the recruiting and hiring practices of the outplacement firms (including skills desired and the way offices are set up). " It's important for the employees and the firm to get out of the outplacement mentality and to provide a roadmap for employees inside firms to retool, retrain and hone their skills."

Human Resource Function. The outplacement firm identifies the role of human resources in their client firms as being a part of the business strategic plan looking at

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the bottom line. Therefore, many companies are outsourcing the HR function service along with Training and Development functions.

Contingent Workforce. Lee Hecht Harrison has certainly seen an increase in the contingent workforce including the acceptance of interim jobs by many of their executives candidates. Temporary executives are a fairly recent addition to the contingent workforce. Firms such as IMCOR, an executive temporary agency used by many of the outplacement candidates, was not in existence several years ago.

Skills. The skills sought by Lee Hecht Harrison as an employer are similar to the ones that are being sought by the vast majority of their client companies.

Client companies search for core competencies that may include specialized technical skills as required by the industry. Currently, a broad based knowledge is required as well as a different mindset which sees the organization as a field of opportunity. It is important to have financial as well as management skills. This includes management in all areas which translate into a real need for a "portfolio" career.

Candidates must be prepared to self market, to take charge of their careers, to stay current in their skill sets. Flexibility as a skill, which means being able to take on new tasks and meet new challenges, is essential. Resourcefulness, being able to work within the internal and external environment, is important and is a sign of being truly being career resilient. Team work is another area that is absolutely necessary. The ability to work in teams which in turn means being fluid and flexible is crucial. Equally important is possessing outstanding communication and interpersonal skills, being able to take initiative, handle problem solving and demonstrate the attitude that one can succeed at the work that needs to be done. Individuals must also be able to work in multiple environments.

A basic necessity for all candidates is in the way individuals deal with information processing. Rather than the technical need to be skilled in the information processing area, each candidate must be able to utilize the methodology and resources available.

Technology. Lee Hecht Harrison appears to be leading the outplacement industry in the technological area. The firm has a Home Page on Internet and has been involved in a "virtual career center" for the past year and a half. A staff member working out of her home in California runs the Apple E World Career Center and is a team member of the Professional Service and Development Department out of the headquarters office in New York. That entire department is considered a "virtual department". Lee Hecht Harrison is a leader in getting to that stage of technological usage and identifies it as the way of the future for career services firms.

Although there are pockets of use of the resume scanning and video interviewing tools, the respondent indicated it was by a small number of employers.

Testing. Lee Hecht Harrison, like most outplacement firms, offers career assessments to their clients but does not offer recruitment-selection testing for client company use. They have a highly interactive self-service driven career assessment. The assessments are designed to assist their executive downsized clients in making career and job search campaign decisions.

Right Associates
Director of Marketing and Communication
1818 Market Street, 14th Floor
Philadelphia, PA 19103
800/237-4448

Right Associates has 130 offices world wide that assist client companies with restructuring and realignment during the time of downsizing. They are a human resources consulting firm started in 1980 and on the NYSE since 1986.

Industry Profile. The respondent indicated that outplacement services have changed due to increased competition among the firms in the industry and "corporate clients getting more savvy and being tight with their dollars". There is a move toward compacting the services driven by the pressure of the client companies to streamline things. There is definite move to putting people in less expensive services, which might include group sessions and limited time job search assistance. The concept of the career center is much more common. Use of electronic services by both the candidate and the client is greater. The hiring process has altered in that everyone wants to get at the data more quickly. The practices of faxing resumes, interviewing for screening over the phone, using database resources for resume recruitment and interviewing selection are common. Some outplacement firms offer a booklet of all current candidates for employers to review.

Human Resource Function. The respondent has found that the human resource function continues to struggle against that stereotypical role of more "clerical", administrative in nature. With restructuring, using outside resources, training and team work the administrative role appears to be necessary. Employers and employees are much sharper now than they were a few years ago which means they are demanding more.

Skills and Characteristics. The stakes are being raised constantly. Technological skills are essential. There is always the assumption that a candidate will possess any technological skills that are needed. In "leaner and meaner" organizations it is critical that the right people are in the right place. Characteristics that fit in with the organization are critical (corporate culture). Skills that the respondent finds are required by the client companies include versatility, flexibility, creative thinking and willingness to move out of old paradigms.

Hiring Process. Testing is being used by many companies and is often outsourced. "There are more hoops for the candidate to jump through, more interviews required." The respondent indicated that many of the functions within the hiring process are being driven by the restructuring of organizations.

Contingent Workforce. The use of temporaries and contact workers is common among many of Right Associates client companies. Right Associates, as an employer, uses contract and temporary employees. It is a no risk and no commitment method whereby employers can try out a person (especially with the executive temporary options) and/or have flexibility in the firm. With the leaner staffs due to downsizing, there is a greater need to use contingent staff on a project per project basis.

Drake Beam Morin, Inc.
Manager of Career Transition Practice Area
100 Park Avenue
New York, NY 10017
212/692-7716

Established 30 years ago, Drake Beam Morin, Inc. (DBM) employs more than 1900 professional consultants in over 160 offices in 28 countries. DBM assists companies in every industry and individuals at all employee levels. Total gross revenue as of December 31, 1994 was $181,000,000.

Industry Profile. Drake Beam Morin, Inc. defines Outplacement counseling as the systematic process by which terminated employees are assisted in successfully finding new employment. This service is aimed at reducing the trauma for both the manager doing the termination as well as the person being terminated. DBM currently focuses on three "practice areas". Career Transition, which accounts for approximately 95% of its revenue, is the traditional outplacement service. The other practice areas include Change Management and Career Management. This redirectioning has been a major thrust of DBM over the past several years as the outplacement industry has gone through changes.

The very nature of the work has changed in the past 5 years. Currently, outplacement is being offered to more people including more lower level employees and across the board classifications within an organization. Outplacement is now a part of some union contracts.

The length of the outplacement programs are shorter . Downsizing is accepted as a more normal occurrence which in turn means that more individuals receive the service but for a shorter period of time. Companies are willing to spend less money for outplacement services.

Outplacement firms have reorganized to meet the needs of the employers. There is concern by client companies for the survivors within an organization. DBM's practice area of Change Management deals with this focus. There is the recognition that employees are responsible for their own careers which has led to the Career Management Focus. Companies are establishing career centers for internal career management, career enrichment and for the purpose of providing resources available for the employee remaining within the downsized company.

Technology. Drake Beam Morin, Inc. has seen an increase in the use of job search technology in various parts of the country. Drake Beam Morin, Inc. has developed technological resources for their candidates including the Job Lead Bank (employers enter job orders) and DBM Connections (candidates enter resumes). This has been a major change in the way DBM interfaces with employers.

The Job Lead Bank is a proprietary database that has over 40,000 jobs listed at any given time. Companies send descriptions of job openings which are entered into the database, put on diskettes which are updated every 2 weeks. These are sent out to each DBM office in order for candidates to have the ability to search for current openings. Job Lead Bank has been a DBM tool for the past 7-8 years.

A database of candidate resumes, DBM Connections,was was piloted in 1994. Containing approximately 6,000 resumes from candidates in all the DBM offices, the database is maintained in New York. An employer or a search firm will call with specific search criteria and an automatic resume search will take place. DBM staff will then interact on the phone and fax the selected resumes to the firm. DBM Connections is termed as a proactive service for companies and for candidates. 80% of the calls with a job opening are from search firms and 20% are from employers.

Additionally, DBM offers aids in each office for the purpose of occupational research. Dunn and Bradstreet's Million Dollar Directory, One Source (with a monthly update including stock reports of companies) and Kennedy Search Collect (a listing of executive search firms) are examples of such tools.

The trend is that more and more companies are going to automated resources. Resumes must be written by candidates so that they can be scanned by a hiring company. There is definitely a more automated initial screening that occurs.

Once the screening has occurred there appears to be a return to the traditional hiring process. Interviewing is used to determine the fit between the candidate and the company. There does not appear to be much video interviewing unless it is in the design industries, which value creativity. Video interviewing has some EEOC implications. Teleconferencing might be done but on a limited scale.

Contingent Workforce. There has been a definite increase in using the temporary and contract process. Companies, including Drake Beam Morin, Inc. as an employer, are trying out the candidates before offering them a permanent position

Of the 1900 professional consultants at DBM, less than 300 are full time staff employees. The remainder are "certified associates", providing services on an as needed basis. The use of contingent labor is seen as consistent with the trend toward a self-reliant workforce.

DESCRIPTION OF CAREER MANAGEMENT FIRMS

(Also called Career Development or Career Consulting Firms).

Primary Clients

Paying clients are individual job seekers. Large non-profit career management centers also receive many of their operating funds from grants, foundation monies, educational institutions, or large corporate contracts.

Secondary Clients

Firms seeking career management services for partner relocation, expatriation services, and outplacement services.

Services Provided

Individual job seekers receive career exploration, career counseling, and training in job seeking strategies and techniques. Employers pay more assistance with internal career management programs, partner relocation programs through national networks, or outplacement services. Career management firms post job openings listed by employers and provide information on employers to job seekers. This may be viewed as a good source of free job candidates by employers, if firms consistently provide qualified referrals.

Role Played in the Private Sector Hiring Process/Relationships with Other Intermediaries

Career management firms help clients market themselves to employers and placement firms. If consistently provide good candidates, they may be viewed as a valued (free) source of candidates by employers or staff leasing agencies.

Trends for Career Management Firms

Career management firms have found a new market for their services with corporate employees, as corporations have begun to acknowedge that the survivors of downsizing would benefit from career management services (i.e. taking responsibility for the management of their own careers because of the uncertainty of the future of long-term employment with any firm). Career management firms are also expanding into training for corporate staff, including human resources staff. Finally, career management firms are expanding into the provision of outplacement services for client companies.

DISCUSSIONS WITH CAREER MANAGEMENT FIRMS:

Career Development Services (CDS)
Headquarters
706 East Avenue
Rochester, NY 14609
716/244-0765

Career Development Services is a not-for-profit, education corporation which seeks to improve the quality of work life through the provision of comprehensive career planning services to individuals and organizations.

In working with organizations, CDS provides organizational consulting and training seminars, diversity initiative programs and individual career coaching for managers and employees. The firm also provides internal employee career development programs, working closely with mangers and employees to link the career needs of the employee with the human resource needs of the organization. The Career Resource Center, managed by CDS and the Industrial Management Council, is designed to provide complete outplacement services to all levels of employees. National outplacement programs as well as Partner Relocation Assistance programs are additional services provided by CDS

Career Development Services also maintain career libraries with local business employer profiles, access to Internet job listing databases, linkage with a national database of employment listing supplied by the New York State Department of Labor and a local job board with listings of positions in a variety of industries. In that capacity, the firm serves as a major recruitment source for employers.

Career Action Center
445 Sherman Avenue
Palo Alto. CA 94306
415/324-1710

Career Action Center is a non-profit career counseling center that has evolved over the past twenty years from a tiny home-based operation into a full -fledged. highly respected with a growing membership of 8500 individuals and over 217 corporate members. In 1994 the Center experienced 80,000 client visits. It is privately funded through individual and corporate donors, memberships, and fees for service.

Service programs include a resource library, career counseling services provided by 22 experienced career counselors and consultants, workshops and presentations for both individuals and organizations and a corporate programs department.

Career Action Center has a long history of providing services to employers. In the area of assistance in the recruitment process, the firm provides a forum for employers in the San Francisco Bay area to advertise job openings. Career Action Center receives approximately 14-15,000 regular openings per month. "Regular" openings do not include the temporary or contract positions that Career Action is just beginning to experiment with in the process.

Employers' use of Career Action Center can be attributed to three areas: 1) long term and strong relationship between the employers and the firm, 2) the no-cost, no obligation forum provided by Career Action Center for placing job opening listings and 3), the reputation of the quality of the candidates responding to the listings.

In addition to the posting of job openings in the Career Action Center's library area, the firm supports the recruitment efforts of employers by providing company profiles, background and hiring information. This is accomplished through the use of extensive library files and video tapes of programs and speeches employers will offer for Career Action Center clients.

Currently, a primary service function of the Career Action Center and other career management firms is in the area of internal career management programs customized to meet the needs of corporations.

The Center is a leader in the use of electronic technology for providing information to it's members, both individual and corporate and providing linkage for it's multiple programs.

DESCRIPTION OF RESEARCH FIRMS

Primary Clients

Paying clients are companies that want information about where to find qualified candidates for a specific position.

Services Provided

Research firms identify a pool of qualified candidates through a variety of methods (referrals from educational or professional organizations, identification of staff in relevant positions at competitor firms). After identifying the candidates, the research firm's job is completed.

Role Played in the Private Sector Hiring Process

The research firm helps companies identify a pool of possible candidates for a job opening. The company is responsible for all steps in the hiring process beyond the "sourcing" of potential hires.

DESCRIPTION OF SEARCH FIRMS

(Also referred to as Employment Services)

Primary Clients

Clients are companies that pay for referral of screened individuals for consulting assignments or interim or permanent hires. Some search firms specialize in senior level executives; others provide candidates for a wide range of occupations. There are two methods of payment. Sometimes a client company keeps a search firm on retainer to act as an extension of the human resources department; sometimes they are hired on a contingent fee basis, where they are paid if the referred candidate is hired by the company.

Secondary Clients

Occasionally, search firms market their services by providing "value-added" relocation services in partnerships with moving companies, mortgage companies, home-finding services, tax services and travel management services, for the purpose of making job offers more attractive.

Services Provided

Recruitment, screening, and referral of appropriate candidates for specific jobs.

Role Played in the Private Sector Hiring Process/Relationship with Other Intermediaries

Search firms spend a lot of time talking to and marketing themselves to outplacement firms to identify good job candidates. They are leaders in partnering with other private labor market intermediaries.

Trends for Search Firms

The industry has changed drastically as a result of moving from exclusively executive recruitment to recruitment for all staff levels. Search firms are expanding into outplacement services, as well as into temporary staffing, contract and interim staffing, and outsourcing markets.

DISCUSSIONS WITH SEARCH FIRMS

IMCOR, Inc.
Assistant to Managing Directors
60 Guernsey
Stamford, CT
203/555-1212

Headquartered in Stamford, CT with offices in Chicago, Dallas, New York and Los Angeles, IMCOR provides consulting, interim and permanent employees to firms throughout the US. IMCOR was founded six years ago. Currently, the firm employs a total of 40 full-time and part-time staff. IMCOR as an employer is getting ready to use a contingent workforce for it's own growing employment needs.

Services Provided. The firm deals only with senior level executives. All others are referred to other agencies. IMCOR sells speed and flexibility of service, with a commitment to find an employee within 10-15 working days.

The firm's market consists of large companies throughout the US. Generally a company uses IMCOR because of an urgent, immediate need. Often, a company realizes it is in trouble and needs help The economy, wether it be the current economy in a geographic area or the overall national economy, influences companies in the decision to hire IMCOR. For example: when there is economic stability a company will have no need for a Chief Financial Officer and conversely when the economy is down, companies have that need. When a company is in an expansion mode they may need a project manager. Or when a company is expanding into new markets an executive may be hired to develop a marketing plan and move the company forward

The main difference between hiring a consultant on his/her own and a consultant through IMCOR is that while the company may hire a consultant to analyze the problem they may find the players change along the way. Many consulting firms employ multiple levels of expertise. Often when the contract is drawn it is generally with the senior consultant, however, once the contract is signed it may be assigned to a lower level person. In addition, there is generally a necessary learning curve for the consultant. IMCOR meets that need by having employees that are industry specific and will provide the exact experience the hiring firm may need. Therefore, the learning curve is cut, the hiring company knows who they are getting to do the job, and IMCOR has developed an ongoing relationship with the company.

Client companies are not industry or functional specific. IMCOR serves a broad base of clients, however, a large part of the firm's work is in the manufacturing industry. IMCOR began near the beginning of corporate downsizing. They kept growing as corporate downsizing kept occurring. Corporations that need to flatten their organization often suffer internal trauma and IMCOR is the solution.

Candidate Recruitment. IMCOR uses a national database which is maintained in the Stamford office and used by all the firm's offices. Many of the executive candidates are recruited from national outplacement firms. Therefore, IMCOR has formed a very important linkage with those firms.

Hiring Process. Forty percent of the candidates go into a permanent status with the hiring firm after a temporary, interim or contract assignment. IMCOR places all candidates on a minimum 90 day assignment. The average length of the assignment is generally 3-6 months of interim work prior to being hired on a full time basis. A case in point: a roofing manufacturer had a new line to be rolled out. The company contracted with IMCOR for an executive for a period of 18 months in order to get the job done.

Management Recruiters International, Inc.
Project Services
1127 Euclid Avenue, Suite 1010
Cleveland, Ohio 44115-1638
216/696-4411

Management Recruiters International, Inc. (MRI) provides the staffing innovations that help companies profitably and successfully adapt to the changes going on in the workplace. The firm's mission is to be the world's preferred and pre-eminent provider of human resource solutions. MRI has 600 offices with over 3500 recruitment specialists. Revenue for the 35 year old company is listed at over 280 million. MRI is owned by CDI in Philadelphia, a one billion dollar a year, NYSE-listed provider of human resource services. The firm averages 25-30,000 placements per year.

Industry Changes. Since 1989 MRI has changed drastically by moving from exclusively executive recruitment to fully developing divisions with specializations. Those divisions that deal with permanent placement include Management Recruiters; CompuSearch, which provides experts to work in any information system; Sales Consultants, OfficeMates5: which places permanent office support staff.

Interim divisions include InterExec, which places interim and contract executives and DayStar, reponsible for placing support staff to meet variable staffing challenges

Additional service divisions include ConferView, MRI's international videoconferencing network; Career Pathways, offering outplacement services; Sales Staffers International providing services for special products rollouts and demonstrations; the Project Services division which forms partnerships for special projects and MRI University offering multi-location, interactive video-based distance education

Psychological profiling, used before and during the interviewing process, and is generally restricted to use with positions at $30,000 and above. It is administere through SelecSys.

MRI also offers value added services including relocation partnerships with moving company, mortgage company, home finding services, tax services and travel management services.

MRI sees a number of hiring trends changing as companies reorganize. Cost containment is prevalent which in turn means consolidation of vendors. Vendor service sales require that the vendor be able to provide better geographical coverage, more services and more resources to provide those services. With today's restructuring there is more concern with quality of service. Business is very good for forward thinking search firms. Search firms that offer multiple services and are willing to develop partnerships will continue to thrive.

Hiring Process. Respondent feels that being a generalist does not work as well for candidates as it used to, currently, person must be more marketable.

Firms are asking for assistance and outsourcing functions. Resume screening and the use of "research firms" for sourcing are two examples of outsourced services use by hiring companies and search firms. A research firm may place an ad in a newspaper for the purpose of gathering applicants and screening them for client companies. Research firms may also go into a company, gathering names of employees in specific categories for the purpose of recruiting for client firms.

DBsky and Data-on-Demand are computer linked database services to provide instant access to MRI search specialists to millions of industry specific candidates.

DESCRIPTION OF SCREENING FIRMS

Primary Clients

Companies that pay for help with a specific aspect of the screening process.

Services Provided

Some screening firms offer relatively narrow screening services including reviewing references by interviewing previous employers, checking the accuracy of reported educational backgrounds, confirming reported licenses and certifications, conducting criminal record searches, and reviewing driver's license records and credit reports, if appropriate. These firms will generally be hired to review a final candidate immediately before the offer of employment is made.

Other screening firms offer employers more detailed screening services for the five to ten top applicants prior to interviewing by the firm. The firm we talked to administers attitude and aptitude tests, tests of skills and knowledge, as well as background checks.

Role Played in the Private Sector Hiring Process

These firms do not generate candidates for the firm, but merely provide discrete screening services for candidates identified by the firm. One of the reasons that third-party screening firms are attractive to hiring firms is that human resources staff are sometimes nervous about what questions are legal to ask during the screening process and what questions might subject them to charges of discriminatory practices.

DISCUSSIONS WITH SCREENING FIRMS

HRPlus
President
31608 Gallery Lane
Evergreen, CO 80439
800/332-PLUS

Pre-screening firms are often hired as an extension of HR functions to provide testing, reference checking, and/or other background screening.

HRPlus clients include many Fortune 500 companies needing pre-employment background reports. The firm provides service to Human Resource departments in checking previous employment, professional and personal references, criminal history, education, driving record, employment credit history, drug testing and workers' compensation claims. The firm conducts approximately 1,000 telephone references daily

Industry Profile. "Every company is totally scared of employees ruining their corporate reputation". The legal profession is pushing for every professional who does hiring to be properly trained to do so. The respondent stated that the costs are high for a company attempting to hire entirely on their own. Cost includes the need to keep within the legal requirements, to train all staff involved in the hiring, and to stay responsive to the market.

HRPlus does not administer tests due to the belief that testing (especially honesty and integrity testing) have no correlation with doing the job well and/or functioning on the job.

Hiring Process. The process many companies use includes an application screening, HR interview or interviews and then the outsourcing of the function of pre-employment checks. Companies outsource this function rather than train all personnel in the hiring process. Most managers/supervisors may only hire 1-2 times a yearly, therefore, managers/supervisors outside of human resources are not interested in the training that is required. Additionally, interviewing and reference checking have an added danger of becoming legal issues. Another issue is one of accountability for "bad" hires if the person becomes a problem.

HRPlus has found that most employers spend a lot of money on advertising and marketing but very little on their human resources.

Skills. Client companies using HRPlus look for technical skills in their specific industry. The personality traits that employers are seeking appear to have no uniformity that can be searched through pre-screening techniques. Most of those skills are determined through the interview process.

Contingent Workforce. HRPlus sees many employers using the temporary cycle in all categories. Most temporary assignments either turn into permanent after 6 months to a year or the person is let go. Often the background check performed by HRPlus is at the conclusion of a temporary or contract assignment when the employer is ready to make that employee a permanent hire.

National Employment Screening Services (NESS)
Manager, West Coast Employers
4150 S 100 E. Avenue, Suite 315
Tulsa, OK 74146
800/584-4199

National Employment Screening Services (NESS) offers a complete screening package including: Personality Inventory, educational verification, credit report, reference check, criminal check, motor vehicle report and workers compensation history.

NESS uses the BASK hiring theory which includes Background, Attitude and Aptitude, Skills and Knowledge. The firm also uses the Hogan Test "Performance Indicator" for characteristics in attitude area. NESS has in-house psychologist and administers a number of assessments as part of the service.

Job description templates are a primary tool used by NESS. A client company supplies job descriptions, the staff at NESS fine tunes developing a template which is then administered with a reported 75% positive result.

The respondent felt that current hiring practices are driven by legal issues, particularly in the testing area. Another reason is the cost of personnel turn-over. A major concern for employers is the negligent hiring and mishiring issue. Extremely important is the ability for employees to get along, achieve and move forward in the company. HR is pushed to do more background and reference checking due to the legal issues companies are faced with.

Hiring Process. NESS finds that most companies advertise, screen through resumes and applications, select top 5-10 people, provide testing followed by reference checks when the testing has narrowed the field. This is all prior to interviewing.

Employers are not trusting resumes, interviewing is the key for getting real information. It appears that many candidates lie about education. That appears to be the most "doctored" information on a resume. Checking personal references, educational references and former employment sources diminishes the fraud that has become part of the process.

Most companies with 5000 or more are using some type of reference service. Many are beginning to set up in-house programs to provide some of the services they are currently outsourcing.

Contingent Workforce. The use of temporary staff is definitely on the increase. Many temporary agencies are now requesting reference checks before a candidate is sent out on a long term assignments. This is particularly true in the area of executive temporary assignments. NESS also sees an increase in flextime and other alternate scheduling.

pci, a division of Performance Management Resources, Inc.
President
1000 RIDC Plaza
Gamma Drive, Suite 401
Pittsburgh, PA 15238
800/392-2927

pci offers a Candidate Assessment Program. The firm indicates that 80% of the firms' business is assessment of individuals for the salaried, exempt population. pci 's services are used after the recruitment phase, the screening stage, interviewing has occurred, and the references checks are completed. The candidate is usually the finalist for the position. The firm offers a 4 hour battery of tests consisting of a combination of skills and psychological testing, followed by an interview and feedback session. The firm works with industrial, high tech, medical, chemical and retail industries.

This business started with individual assessments through Psychological Services of Pittsburgh during W.W.II. An increase of psychological consultants to industry occured in 1950. In 1992, psi reorganized and developed a national presence by setting up offices in five cities.

Smaller companies don't use the services of psi unless the company is moving from an entrepreneurial to an established business. psi works with candidates in the $50-100,000 salary range.

Skills. Skills that are asked for by client companies include interpersonal style, time management, verbal abilities and presentation skills. psi does not deal with technical skills. On occasion testing will be done for sales and negotiation skills. Interpersonal skills are different (sometimes very different) depending on the industry. A candidate can not be conservative in today's market, the candidate must be risk oriented.

Hiring Process. Often the initial contact for a psi staff member is with the director of HR or the president of the company. Often the staff will work with managers to assist in identifying the requirements of the job, writing job descriptions and perhaps providing some interview training. psi deals with companies that are producing or working with products that didn't even exist 5-10 years ago, therefore, managers often need assistance in writing job descriptions and determining appropriate skills.

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There is some use of computer testing for smaller companies. The only kind of testing that is being done by clients in all industries as part of screening process is drug screening.

Contingent Workforce. psi sees an increase in the entry level use of temporary employment. Most larger companies use temporary as a probationary tool with a probationary temporary period of up to one year.

DESCRIPTION OF STAFFING SERVICES FIRMS

(Also called Temporary Services Firms)

Primary Clients

Paying clients are employers seeking temporary or leased employees. A number of companies use this as a way to try out new employees.

Services Provided

To employers, temp services firms offer a packaged product: a screened/trained worker for a specific task or function. Some staffing services firms have specialized divisions offering leased staff to companies on an ongoing basis (e.g., the agencies recruit, hire, and sometimes manage an entire function or department for a firm).

Role Played in the Hiring Process

To recruit and screen the workers they provide to other employers, temporary services firms conduct large scale recruitment, screening, and pre-employment training operations. Sometimes this process is generic to the staffing services firm and sometimes it is conducted as a customized service for a particular employer. Staffing services firms generally use automated resume banks and resume screening technology and structured testing because they handle such a large number of applicants/employees. [Note: for their internal corporate hires, they use a process that much more closely resembles the individualized interview process used by individual firms.] Staff leasing agencies are also leaders in providing training to job applicants both before and immediately after hire, as well as on an ongoing basis.

A high percentage of the workers placed by staffing services firms ultimately are hired into permanent jobs. A significant percentage of these are hired by the firm with which they were placed as a temporary employee.

Trends for Staffing Services Firms

Staffing services firms have increased the quality, professionalism, and specialization of their workers in response to the growing market for temporary workers in a wide variety of occupations, including staff with a high level of technical or professional skills. They are also expanding the services they offer to include outsourcing of whole functions or departments, provision of long-term contracts and leased employees, and management services for the administration of whole departments. The relationships between staffing services firms and particular partner clients are growing closer: staffing services firms are offer "partnership programs" wherein the staffing services firm provides skilled staff on a regular basis for particular jobs or tasks. Through outsourcing accounts, staffing services agencies provide entire functions to a client firm. Staffing services firms are also offering business consultant services to firms, where they analyze the work to be done in a given firm and provide advice about potential staffing options.

DISCUSSIONS WITH STAFFING SERVICES FIRMS

Manpower, Inc.
Regional Vice President
Corporate Headquarters
5301 North Ironwood Road
Milwaukee, WI 53217
414/961-1000

Manpower is currently the 256th largest corporation in American in dollar volume, and is moving steadily up in the ranks. Manpower has nearly 2,000 offices in 40 countries, lists annual sales as over $6 billion and claims to be the largest employer in the world with 1.5 million employees.

Industry Changes. Growth in the temporary services industry has been rapid and Manpower has responded to the changing needs of corporations by providing a broad array of flexible staffing potential. Although many of the positions can be classified into the clerical, industrial and technical categories of old, the range has broadened to include employees in virtually every occupational arena. The increased range of businesses represented by Manpower's client list includes firms involved in the biotech, electronics and telecommunications industries.

The firm also notes increased single-vendor relationships. Examples are firms that rely exclusively on Manpower for all of its contingent staffing needs in all of its geographic locations. There is an increased provision for Manpower to supply on their own on-site managers for clients with large numbers of Manpower employees.

Another area of change is in the increased length of assignments with the current average being 6-8 weeks. Employers are utilizing temporary hires for more than the traditional vacation or sick leave purpose. Often temporaries fill in project needs or serve in an outsourced capacity for an entire department or function area.

Skills. Client companies are demanding qualified and professional applicants with specialized skills to more accurately meet their human resource needs. In order to maximize meeting those needs, Manpower provides training in software, physical/maintenance (blue collar type work) and management areas.

Manpower also provides a vast collection of screening/testing services including: skills tests, personality tests and dexterity tests. Manpower has developed many of these tests with the cooperation of the EEOC and the American Psychological Standards group in response to employers who are demanding first and foremost employees with positive attitudes committed to success and high quality. The firm screens for these individuals and then provides the training they need to fill the positions that are in demand.

During 1995, Manpower will have its Automated Resume Bank, used for recruitment purposes, operational in all of its office.

Additional Factors. Although Manpower does provide health insurance, sick leave, paid vacation and stock benefits to employees who have worked a certain number of hours, the percentage of employees who move from to temp to perm hire impacts the number who utilize these benefits.

To illustrate temp to perm tendency, 72% of Manpower's employees nationally desire permanent employment. Each year Manpower loses 45-50% of that 72% to permanent employment positions.

Olsten Staffing Services
Regional Vice President
Corporate Headquarters
175 Broad Hollow Road
Melville, NY 11747
516/844-7800

Olsten was founded in 1950 and currently maintains offices in all 50 states, the District of Columbia, Canada, Puerto Rico, and the United Kingdom. Olsten has 1200 offices and a combined service sales figure of $3 billion dollars and $2.26 billion dollars in corporate revenue for 1994.

The firm has placed more than 650,000 assignment employees and caregivers in business, industry, government, health care facilitates and home healthcare in 1994. Olsten has erviced more than 192,000 client accounts including most Fortune 1000 companies.

As many of the labor market intermediaries, Olsten has expanded into specific divisions to meet the needs of client companies. The main segments include: Olsten Kimberly Quality Care, Olsten Professional Accounting Services and Olsten Professional Technical Services

In these divisions, the firm offers flexible staffing services in over 300 skill categories in nine service areas: office automation, general office services, accounting, production assembly distribution, technical services, legal support, records management, marketing support and teleservices. The skills categories range from entry-level temporary help to engineers, managers and other professionals.

Often included in the outsourcing of the human resource function is the initial identification of the staffing need of the firm. Olsten vies itself as a consultant which analyzes the work to be done in a given firm, and then advises the firm on potential staffing options. Olsten and the client firm come to an agreement, and Olsten recruits, screens, trains, hires and manages the employees performing the tasks.

Industry Changes. For Olsten, the changes have resulted in more specialized partnerships than were common in the past. Such partnerships are of three basic types. Transactional business is the short term relationships associated with traditional temporary work. Partnership Programs, another type of service, describes the relationships wherein firms rely on Olsten to provide skilled staff on a regular basis for particular jobs or tasks. An example of this is the partnership with Lotus which requires a number of contingent workers for certain projects several times per year; Olsten recruits, trains and hires on a regular basis. Customized programs encompass on-site facilitators, vendor-on premises, coordination of multiple locations, and a myriad of specialized services.

National Accounts identify the third basic type of service. This category is representative of the most significant change. Large companies, for example, have contracted to Olsten their entire human resource function with the exception of the process of hiring managers. If an applicant were to enter a national account company location for a job application, they would be sent to an Olsten office or receive a Olsten application.

Additional Factors. Respondents indicated that the "temp to perm" trend is on the rise, particularly with respect to recent college graduates with limited work experience.

Osten provides job-specific training in many of the skills categories.

The firm provides some benefits, including health care and other insurance, but only 5-6% of its employees take advantage of it.

Recruiting temporary staff has become a difficulty in some areas due to the economic recovery in some geographic locations.

Kelly Services, Inc.
999 W. Big Beaver Road
Troy, MI 48084
810/244-4154

Founded in 1946 by William R. Kelly, who expanded his office equipment leasing business by sending people to operate the equipment, the firm currently provides the services of more than 665,000 employees annually to 200,000 customers. On a daily basis, Kelly employs approximately 140,000 temporary employees and 4,000 full-time employees.

The company owns and operates over 1000 offices in the U.S. at a reported revenue of well over $1.5 billion.

Changes in Industry. Kelly Services meets the diverse needs of client companies through a number of businesses, including Kelly Temporary Services, which provides temporary employees in the areas of office services, light industrial, marketing, technical, account and other professional services. Assignments for temporary employees can run from as little as a day to a couple of years. Long-term engagements often fall into the category of "leased" employees.

Kelly Assisted Living, another Kelly business, provides in-home care and companionship to individuals in need of assistance in daily living activities.

Additionally Kelly subsidiaries include Wallace Law Registry, providing legal professionals for short and long term assignments and Your Staff. This subsidiary provides all or substantially all of a client's workforce and furnishes payroll, employee benefits and benefits administration, workers' compensation and risk management, recruiting and train, and other human resources-related services for client companies on an ongoing basis.

In the area of "temp-to-full-time" the KellySelect program provides customers and employees the opportunity to evaluate their fit on a temporary assignment prior to making a long-term commitment. Relationships with client companies may result in Kelly Partnered Staffing coordinating the day-to-day temporary workforce at a customer location with an on-site supervisor. The arrangement saves the clients money in advertising, recruiting, training, testing and keeping personnel and tax records. Kelly has partnership programs involving manufacturing, building maintenance ad engineering companies and in firms that fill mail orders.

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Finally, Kelly Management Services provides operational responsibility for functional activities a client company may choose to outsource.

Perhaps one of the most significant changes took place in 1966 when Kelly Services changed it's name from Kelly Girl Services, Inc.

Kelly developed the temporary employee industry's first word processing training program in 1981 using audio-visual equipment and workbooks.

APPENDIX B

Summaries of Telephone Discussions with Individual Firms

APPENDIX B

SUMMARIES OF TELEPHONE DISCUSSIONS WITH INDIVIDUAL FIRMS

3M
Manager, College Relations
Bldg. 224-1W-02
3M Center
St. Paul, MN 55133-3224
612/733-1755

3M is a producer and manufacturer of over 60,000 diverse products for industrial, office and home use. The company employs 85,000 people worldwide. Its corporate headquarters employs 12,000 people, 450 of which were hired during the previous 12 months.

Human Resource (HR) Function. 3M is well-known for its innovation and solid business sense over "the long haul." The company attributes such strength to the internal system of communication and cooperation which supports the development of its employees' ideas and talents.

One change in HR has been a shift toward targeted recruiting, an important strategy in a company that promotes from within.

Hiring Objectives. While all candidates must possess technical competence, 3M places strong emphasis on the innovative/creative thinking abilities of its recruits. In terms of attributes and more general skills, 3M seeks individuals who are "self-starters, initiative-takers, communicators and risk-takers." In recent years, foreign language abilities and "global socio-cultural awareness" have become increasingly important. 3M is located in 68 countries and is committed to continued global growth.

The company, with the exception of the sales division does not use tests to determine the presence of such skills or aptitudes.

Hiring Process. While our respondent is charged with college recruiting, and could therefore speak to the hiring of new professionals more than candidates for other positions, he did note that college recruiting is the primary source of 3M's hiring (2/3 of new hires annually are recent grads at the BA/BS, MA/MS/MBA or Ph.D. level).

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In terms of sourcing, 3M has established many relationships with "world class" institutions of higher learning, regional universities, colleges and trade schools, minority associations, professional associations, alumni associations and a "benchmarking group." The latter is an association of business professionals representing 18-20 companies which meets regularly to discuss "best practices." The group is formal in terms of attendance, but does not maintain an independent office or administrative staff.

3M also posts with the public employment service and other local colleges and universities.

Just recently, 3M created a Web page. The response has been quite favorable, so the company is looking to use this methodology to its fullest advantage.

Interviewing of candidates involves a wide range of people. Consensus groups for interviewing is a growing trend.

Many new hires participate in an orientation program in which they learn about the 3M "culture," and about their benefits and responsibilities as 3M employees.

Employees also have the opportunity to engage in constant training and education. 3M provides internal training for general subjects (management) and for specific training on equipment or processes, but it also encourages its employees at all levels to pursue their education - the company provides tuition reimbursements for degree (BA/BS through Ph.D.) and non-degree coursework.

Alternative Work Arrangements. 3M has flex-time and job-share and is very supportive of employees who can be productive in such arrangements.

In addition, 3M has set a precedent of implementing innovative HR policies across several dimensions. First, the company encourages innovation at all levels. 3M has perpetuated a number of stories that have become part of the company's culture. Most employees know, for example, the mythologized versions of the stories surrounding the development of well-known products. Out of these stories, several motto's have evolved, including, "Encourage; don't nit-pick," and "hire good people; and leave them alone." "3Mers" know such mottoes and reflect them in their business practices.

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3M's policy of developing and promoting its internal talent creates possibilities for people to change careers without relocating (as a result of the company's concentration in St. Paul). Such practices reinforce its community orientation.

Finally, 3M has a designated requisition program for hiring new college graduates. The program was designed by 3M fifteen years ago to insure that the company maintain a constant influx of new workers: each business unit forecasts the number of new college recruits it will require for the next 12 months; these requisitions for new hires are then approved by senior management.

From the perspective of 3M, such policies directly affect the company's productivity, as a result of the loyalty and commitment of its workers, as well as its hiring practices —3M has a low employee turnover rate among its salaried employees, and as a result of its reputation of providing a supportive work environment, a constant flow of unsolicited applications from highly talented applicants is available.

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Contel Cellular Inc./GTE Mobilnet
Staffing and Headquarters Human Resources
245 Perimeter Center
Atlanta. GA 30346
404/804-3400

Respondents declined to have the researchers' interpretive notes included as a part of the final report.

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Corning Inc.
Manager of Recruiting
MP HQ-E1
Corning, NY 14831
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Corning is a large manufacturer of plastic, glass, aluminum and cookware, as well as fiber optics and video monitors. Headquartered in Corning, New York, the firm employs nearly 40,000 people worldwide. There are currently 6,500 people working in the corporate headquarters, 150 of which were hired during the past year. Corning has just emerged from a lengthy hiring freeze and, like many firms, is attempting to further link the human resources function to the strategic business plans of each operating unit, while maintaining a commitment to overall company policies and procedures, and missions and values. The latter is of particular importance to Corning which developed its first "Values Book" in 1984. This manifesto identified a number of core "corporate values", including quality, integrity, performance, leadership, innovation and independence, which drive corporate policy, and articulated the company's promise to support its employees in achieving their highest potential and valuing the contributions of their work. The document was revised and updated in 1992 to insure its continued relevance and (re)introduce to all employees the company's core values.

Human Resource Function: Human Resources has always been a strategic partner in business planning at Corning, but that partnership is moving toward a higher degree of team orientation - emphasis on horizontal communication and cooperation is increasing. Corning has recently moved away from a highly centralized hiring process to one that is more "grassroots" in nature. The operating units now do the majority of the hiring - human resources is charged with sourcing a pool of candidates who will contribute to the "world class product and process development" for which Corning is known.

The firm hires three categories of employees: exempt, non-exempt, and hourly (manufacturing). The hiring process differs for potential candidates in each category. The company has been through three rounds of experiments with testing already and, although it is interested in behavioral assessments, it is concerned about excluding potentially qualified workers and about the potential legal ramifications of biases in different kinds of tests.

Hiring Objectives. For hourly workers, the majority of whom will work in manufacturing or distribution, Corning is interested in specific skill sets, particularly those related to manufacturing and distribution. Since such skills are required to perform jobs in this category, the company does test. Potential candidates are tested at the offices of the New York State Employment Service. Such candidates also undergo "team assessments" (for attitudes and behaviors) with representatives from Corning's Employee Relations Division. While Corning is increasingly interested in attitudes and behaviors, it is moving away from personality profiling and toward behavioral interviewing. The company finds that such interviews, when done well, are better predictors of future performance than are formal personality profiles.

For non-exempt positions in administrative support, Corning's "first line of hire" is through one of a number of temporary services. Potential candidates are tested through the agency and hired as temporary workers for Corning. Such workers, after an appropriate amount of time, may then self-nominate for (non-exempt) full-time positions. Their temporary work then serves as a probationary period and provides the company with a means of measuring on-the-job performance.

There is no testing as a part of the hiring process for exempt staff. Candidates for such positions undergo a competitive process of competency-based interviewing. (see "Hiring Process")

The company seeks specific skills for specific positions - as hiring responsibility is pushed downward, the managers identify these skills. For all job categories, however, Corning seeks employees who exhibit the characteristics identified in the "Competencies for Excellence" handbook"

In terms of training for hourly workers, Corning operates an extensive apprentice program, whereby on-the-job training begins immediately after an employee is hired. Ideally, all employees are learning and/or teaching at all times. As technology changes or new machinery is integrated into production, training is provided as necessary either on-site or through a local partner college or technical school.

For exempt and non-exempt employees, each employee and his or her supervisors develop a personalized career plan at the conclusion of an extensive training program which is part of Corning's integration into the company. (see "Hiring Process").

Recruiting. In all cases, the company posts open positions internally prior to external recruiting. The posting is electronic. Employees then have the opportunity to self-nominate for open positions. While it is not yet possible to "attach" recommendations or other assessment forms to the nomination document, the system should be able to accommodate that in 1996. Positions are listed for 14 days, and the system is updated weekly.

If no appropriate candidate is found within Corning, the company then searches outside the firm. For non-exempt employees, the company relies heavily on its temporary workforce. For exempt hourly employees, Corning relies on the public employment service. Generally, the company has a ready pool of applicants from which to draw to fill most positions. The exceptions tend to be positions in the high-tech divisions of the company. Corning has been considering the development of a home page on the Web, but the company has decided "not to jump on the bandwagon right away." Corning is concerned about security (other companies with which Corning has been discussing this issue have experienced security leaks or attempts to change the page without the company's knowledge or permission), and about being inundated with an unmanageable number of resumes. While Corning is eager to "see what the new technologies have to offer, the company is going to allow the jury to sit out on this one for awhile."

Hiring Process. Candidates may engage in a telephone interview (screen) with a hiring manager. Candidates for manufacturing positions, who successfully move on to a second interview, are tested, interviewed by a "hiring team" (comprised of representatives from Employee Relations, union members and peers) and then, if successful, are given a physical medical evaluation before an offer is extended. Candidates for exempt or non-exempt positions engage in a day long series of interviews with human resources, hiring managers and various work teams. The teams then reach a general consensus (the hiring manager makes the final decision if no consensus can be reached) and extend an offer to the final candidate.

Corning is known for its extensive employee orientation and training programs. New employees attend the company's "Quality Institute." Salaried employees attend three days of orientation during their first three months of employment. They attend the 2-day "Quality Institute" between four and six months into the job. Manufacturing workers attend orientation and quality sessions at their home manufacturing locations during their first six months of employment. After new employees have completed orientation. their individual development plans go into effect. Such plans are developed by the employee and the team members in coordination with management. Employees design their personal plans to reflect the kind of competencies they would like to acquire as a part of the team's general development goals. Both the team objectives and the personal development plans of the team members are updated regularly and serve as a springboard for collective and individual strategizing about the ways each can continue to contribute to the achievement of company goals.

Alternative Hiring Arrangements. Corning does use temporary workers for certain positions. For administrative support, staffing services agencies, which screen and train, are the company's first line of hire. Corning does not like to employ temporary workers for long periods of time, so it uses the agencies as a form of probation for new workers.

While Corning has always been receptive to ideas for making the quality of its employees "work-lives" better, the company has adopted a number of innovative arrangements in a very short period of time. First, Corning does have a job-share program, the key to which is matching the employees who will share the position. For administrative and technical positions, management has been delighted with the arrangement - workers are sharp and productive the entire day because they share it.

For professional level positions, however, the company has experienced difficulty. "It's not the work or the workers but the inconvenience to other people of things like scheduling meetings and responding to memos." Corning's commitment to collective decision-making and a high degree of participation is often at-odds with its shortened schedules, but the company is confident that it will "work out the kinks." Similar tensions exist in the company's "40 in four" program and its other reduced schedule and/or flexible hour employees.

Much of the impetus behind Corning's development of such practices resulted from shifts in the labor market. The company found that although (as a result of down-sizing) it could hire high-quality experienced workers with little effort, such workers demanded more family-friendly human resource policies - most had families and other commitments which were as important to them as their paychecks. Corning wanted to reap the benefits of this wealth of inexpensive talent, and introduced new policies. Now, even the new college recruits are asking about such opportunities. Corning is finding benefits to be a more central concern on the part of new hires than wages or salaries.

Corning, already known for its extensive efforts to support employee education and skills enhancement [for training not available through the Quality College, the company partners with the College Center of the Fingerlakes (CCF), a non-profit organization established by Corning but operating independently, to establish appropriate training programs for Corning employees but available to members of the community at-large] has "beefed up" other such benefits. The company currently provides on-site counseling and stress management services, subsidized fitness programs through the local YMCA, child care facilities, an eldercare resource center and relocation services. While such "perks" are not directly related to the hiring process, they are part of what makes Corning one of "the best companies to work for, no matter what level position an employee holds."

Deloitte & Touche
Manager of National Recruiting
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Wilton. CT 06897
203/834-2200

Deloitte & Touche is a large. professional services firm which provides accounting. auditing and tax services to a wide variety of clients and provides a management consulting service as well. The firm employs approximately 17,000 people in the U.S. and hired 2.200 entry level-employees and another 800 professionals during the past 12 months across all divisions in all U.S. geographical locations.

Human Resources (HR) Function. The role and general presence of HR within Deloitte & Touche has changed markedly over the past 5-10 years. Once primarily a support function. HR is currently much more immersed in the firm's business strategy. The firm has experienced not only reengineering in terms of management and organization. but also a virtual revolution in terms of technology and the reengineering of work processes (e.g.. *how* the firm does its work) themselves. Integrating these two trends is the firm's major challenge

While technology has made it possible for "number crunchers" to work more efficiently. it has also allowed them to work even more autonomously because one person can now manage projects that previously required a staff of four or five. The work load has not been reduced. however. because client demands are more sophisticated now than in previous years and the regulations more difficult. Such factors have resulted in increased specialization. Thus. the firm has been growing. in terms of volume. at a rapid pace but has had difficulty maintaining its team-oriented approach to business. One of the objectives of organizational restructuring is to increase vertical and horizontal communication and interaction - between different departments and divisions. between employees and management. and among colleagues

The combination of "price pressures." increased competition and globalization was the impetus for reengineering. The company required a more integrative approach to strategic planning: and HR has played a major role in the development. coordination and implementation of the reengineering process as a means to such integration.

Hiring Objectives. While. overall. Deloitte & Touche is hiring fewer people than in previous years. the firm is hiring more strategically The firm emphasizes its college recruiting program as its primary means of identifying new candidates, and it is developing relationships with such candidates earlier in their academic careers. Whereas college recruits were previously contacted during their senior years, Deloitte & Touche is now identifying potential candidates during their sophomore or junior years and providing them with one or more internships prior to a full time offer.

In the early recruiting stages, Deloitte targets students with strong records of academic performance, good oral and written communication skills, and experience in leadership positions. In terms of specific skill sets, Deloitte seeks computer skills, high scores in accounting/finance courses and experience in public accounting. At the interview stage, Deloitte looks for self-confidence, good-judgment and desire to take initiative. In addition, as the firm's client-base has changed to include many non-white, foreign-born and female clients, the firm has actively sought to increase diversity among its employees.

The firm uses no skill or assessment tests of any kind. It relies on the academic records of its new college recruits and on the recommendations of colleagues for more senior positions.

Hiring Process. Campus recruiting is the primary method of recruiting entry level employees at Deloitte & Touche. The firm operates a rather sophisticated recruiting program at some schools: it has outsourced a kiosk in the placement office of select institutions. Students may inquire about the firm through an interactive computer program and are then provided with a brochure to take with them -- the brochure contains a floppy disk describing Deloitte & Touche. Students are then more informed about the firm when the recruiter visits the campus. For more senior-level positions, the firm employs "research firms" (firms which will provide a pool of candidates and then leave the remainder of the recruiting up to the firm) and relies heavily on its employee referral program that has been quite successful. Deloitte & Touche does place ads in professional association journals and newsletters, alumni bulletins of selected business schools, and major newspapers, but has not found either of these methods to be particularly useful. Deloitte & Touche also maintains a home page on the Internet which it believes targets younger audiences and technical proffessionals. The firm has also been exploring the concept of a national resume database, but it is only in the early stages of evaluation.

Once candidates have been identified, the screening process consists of a series of interviews. For initial internship positions, students meet (on-campus) with a manager or partner from Deloitte & Touche who is trained in the hiring process. A second interview takes place with the recruiter, a representative from HR and another colleague at the Deloitte & Touche office where the successful candidate will be placed. A collective decision is then made and the internship offer is extended. Because, at this stage, most of the candidates have the *paper* credentials, the key factor is whether or not the firm feels that the candidate will be a desirable employee "down the road" -- maturity, confidence and demeanor are very important.

For more experienced hires, Deloitte & Touche first identifies potential candidates through a research firm, employment ads, or through one of its internal methods. The candidate(s) will then interview with the person for whom (s)he/they will be working. After the first interview and before the second, there is a thorough reference check and skills assessment, (through communication with the candidate or the candidate's references). Additional screening varies substantially depending on the location. Individual offices make their own policies regarding background checks; some offices require thorough security and credit checks; others require minimal verification of key factors, (e.g., degrees awarded, positions held).

There is no company policy on probation. In general, the firm feels that its pre-hire evaluations are usually sufficient in screening out unqualified individuals. The internship program serves as a probation for many entry level hires. Otherwise individual offices may develop their own policies.

Orientation programs also vary from office to office, although there is a national orientation program for new college recruits. All of the new recruits from all of the company's offices are sent to the firm's professional development center as a group which is referred to by year; this year's recruits, for example, comprised the "class of 95." The group goes through an initial orientation to "corporate culture," and then a week of more specific training. Local offices offer continued training once new hires have completed the national program. Senior level hires receive a similar orientation program.

Alternative Hiring Arrangements. As described earlier, Deloitte & Touche also uses search and research firms in hiring senior level employees.

The firm's use of flex-time, job-share and other alternatives to traditional scheduling is novel and highly sophisticated. These programs emerged as a result of an employee survey conducted several years ago, aimed at identifying some of the reasons for the absence of women and minorities in senior positions. While the firm has aggressively recruited diverse candidates, many seemed to transfer, leave or stagnate before reaching senior positions. The survey revealed that 1) there was (generally) a male-dominated climate, complete with basketball and golf as networking and bonding activities; 2) there was an absence of female and minority role models; and 3) employees were finding it difficult to balance their personal and professional commitments. To the firm's surprise, these views were supported by women and men alike.

The firm then required all of its members, nationally, to participate in an extensive gender-awareness workshop and began a corporate dialogue about creating a more friendly work-environment, not just for women but for everyone. A mentor program was established and alternative scheduling was incorporated into office protocol. The firm offers reduced work time with benefits and flexible full-time schedules. Additional arrangements can be worked out on an individual basis. The turnover rate has dropped markedly and a number of men are taking advantage of such family friendly policies.

While these innovative approaches to the management of human resources are not directly related to the hiring process, they have reduced turnover substantially and created the opportunity for the firm to focus on the recruitment of new talent that it can develop, rather than filling mid-to-senior level vacancies. Such practices have also contributed positively to the team environment that the firm is attempting to institutionalize as a part of reengineering.

Fel-Pro Inc.
Recruitment and Employment Manager
7450 N. McCormick Blvd.
Skokie, IL 60076
708/568-2595

Fel-Pro is a large manufacturer of gaskets, sealants, and various other engine parts and adhesives for industrial use. Headquartered in Skokie, Illinois, the firm employs 1,800 in its corporate headquarters and hired over 200 employees last year. Fel-Pro is well-known in the Chicago area as a firm which maintains employee-friendly business practices.

Human Resource (HR) Function. Fel-Pro has always prided itself on the positive nature of its management-employee relations. In terms of HR's relations with Fel-Pro's senior management, the two partners strive to work together to meet corporate objectives. HR is building a history of involvement in strategic decision-making, vis a vis Fel-Pro's "core business." Our respondent noted that the corporate performance bonus program, for example, (a program linking company performance to employee bonuses) was an HR initiative. The major challenge during the past several years has been a shift in company leadership. Even there, however, corporate policies were not so much changed as they were modified and clarified. HR has more direct input into staffing decisions at all levels, and the company is more proactive about insuring that it can maintain its quality work-force.

Hiring Objective(s). In terms of skills, Fel-Pro demands that employees, at all levels, maintain a high degree of basic skills. Fel-Pro feels that such a policy is extremely important not only in terms of producing quality products, but also for safety - reading skills for workers in hazardous areas, for example, are crucial. While such a policy has always been practiced at Fel-Pro, the company has had more difficulty identifying such workers in recent years. Because Fel-Pro's low-wage positions pay better than similar positions at most other firms, the company has a constant stream of incoming applications. It has found, however, that applications were not particularly informative: applicants often secure assistance in completing them, and dishonesty is an increasing problem.

Two years ago, such difficulties prompted Fel-Pro to implement a formal testing program for all employees in the manufacturing plants. The tests include: a 12 minute written quiz for reading skills and comprehension, a 20 minute math skills test and a ten minute evaluation of mechanical aptitude. Initially, only 30% of an average pool of candidates passed these tests. In the word of our respondent "such poor results dramatically affected the way Fel-Pro recruits new workers" (see "Recruiting"). The average pass rate is now up to 40% and rising steadily.

In terms of attitudes. Fel-Pro seeks employees who can contribute to the whole but are also able to work independently. The company wants "drivers" who do not fear changes in protocols or technology but see such changes as new opportunities. Fel-Pro seeks and rewards innovators in both the manufacturing sector and in the firm's management.

More generally. Fel-Pro seeks executives who are flexible and have experience in a manufacturing environment. There is a great deal of interaction between operations (plant) and management at the company. Furthermore, such interaction might take place in either location (in the plant or corporate offices). Executives who act as partners rather than managers tend to have more success in Fel-Pro's environment. "where office and plant employees are mixed in sort of a collective turf."

Fel-Pro also seeks experienced plant workers, but is interested in all workers who possess basic skills and demonstrate an aptitude for mechanical work. The company is still refining its testing procedures in order not to eliminate a potentially effective employee on the basis of an easily learned basic skill.

While Fel-Pro has considered testing for personality traits, the company feels that although skills might be revealed through testing, personality traits are more difficult to assess so Fel-Pro has tabled the idea for the current time.

Recruiting. Upon realizing that the vast majority of recruits were not able to pass the new basic skills tests, Fel-Pro began to reevaluate its sourcing methods. Whereas it formerly relied on walk-in candidates, referrals and newspaper ads, high growth in the Chicago area has rendered competition for employable workers more formidable.

Fel-Pro currently works with a wide variety of sourcing institutions including local community high schools and colleges, trade schools, minority centers, employment services and professional associations, (our respondent mentioned *Women in Trades* as an example). Fel-Pro also attends local job fairs and is considering placing ads in specialized manufacturing journals and publications.

Fel-Pro's relationship with each of these institutions has proven somewhat successful, but our respondent noted that the arrangements which prove most successful for employee and employer alike are those characterized by consistent relationships between specific individuals at each institution. Our respondent maintains an ongoing relationship with representatives from the Private Industry Council, *Women in Trades* and several local schools.

While Fel-Pro has considered posting open positions on the Internet, the company does not want to be overwhelmed by applications as has been the case with several of its competitors.

While the company seeks employees with some experience and basic skills, it does provide in-house training for certain positions and subsidizes off-site training for others.

Hiring Process. Fel-Pro maintains an internal (paper) bulletin board where open positions are placed as soon as they become available. Employees may then call the phone number listed under each description to hear a more comprehensive description of the position, a list of the prerequisites for the position and the pay scale. If an internal search yields no appropriate candidate, the company sources externally.

Walk-in candidates and those responding to print ads are instructed to call an 800 number and apply through the automated phone system. Once candidates are screened through the phone system (if external candidates), human resources does the next screening, (the initial screen for internal candidates). The process begins with an interview either in person or over the telephone depending on the position.

The next step involves an interview on-site. The candidate first meets with a representative from human resources, then meets with several individuals including the hiring manager and possibly a member of the (potential) work team. For a mid-to-high-level position, the candidate might return for a second or, at most, third interview before securing an offer. Reference checks are completed just before the offer is extended. Our respondent mentioned that she knows how difficult reference checks are in certain areas but that they still work well for her and her colleagues. She would expect to hear glowing reviews of glowing candidates; and she would expect to hear nothing about those less desirable.

Fel-Pro does not yet engage in background or security checks, but the company just hired a new human resource specialist who will be evaluating such procedures.

All new employees are invited to an orientation program of four hours during their first month of employment. The program includes sides, videos and presentations about the company and its history, HR policies and practices, employee benefits (insurance and work life), and instruction on safety and personal wellness. Fel-Pro emphasizes the importance of its mission statement throughout the program -- there is a line in the mission statement which identifies the company's role as "a model supplier, a model employer and a model corporate citizen." All employees commit this line to memory. Thirty days after the orientation, each employee meets with human resources to address any concerns and to review expectations of employer and employee. A similar meeting occurs at the sixty-day interval. Fel-Pro also offers one-to-one counseling on safety and wellness to all employees —because it is a manufacturing facility, the ability of all employees to perform (consistently) at their best is crucial to the ability of the company to perform well.

Alternative Staffing Arrangements. Fel-Pro operates three levels of alternatives to traditional staffing: outsourcing, consulting and the hiring of temporary workers. None of these, however, is used extensively.

The company has hired a number of consultants for varying periods of time and usually in the information systems division. Such consultants typically assist in the transition to new hard/software and/or communications systems; or identify the ways the potential of such new systems can be best utilized inside the company.

Finally, while Fel-Pro does have a fair number of temps (125 on average) on site at any given time, they work almost exclusively in the plant on a seasonal or project basis. Fel-Pro has decreased its use of temps during the past five years. Reasons for the decline include: downturns in temporary work force needs resulting from increases in productive capacity, low absentee rates, and desire to maintain positive morale among Fel-Pro employees. When the company uses temporary workers, it does so very strategically.

While Fel-Pro does offer flex-time, job-share and other non-traditional work programs, there is no company policy on such practices. Each is handled on a case-by-case basis because there has been such little demand.

Fel-Pro is challenged to identify potential candidates with professional skills, (accounting, law, information systems, etc.) who also have experience in an industrial setting; and to identify candidates who have "thinking skills" in addition to mechanical aptitude. The company feels its progressive reputation and "best-in-class" benefits will attract such candidates.

General Comments. Our respondent was very responsive and seemed quite well-versed in the "lingo" of reengineering (Total Quality Management, best practices, etc.) Like the representatives from other high performance firms included in our study, our respondent pointed to innovative human resource practices not directly related to the hiring process, but which ultimately affect it.

Fel-Pro, for example, provides its employees and their families with an impressive range of benefits and services in its attempt to remain an "employer of choice." First, in addition to the in-house training and general "team" support, Fel-Pro maintains an elder-care referral service for employees to aid in caring for parents and elder relatives, and an emergency care-giver service whereby someone will come to the home of the employee and care for sick children or attend to other short-term emergencies which would otherwise force the employee to stay home from work. The company also maintains a tuition assistance program, an educational counseling program, an interest-free computer purchase program, a scholarship program for the children of employees and a small-gifts program for children of employees who graduate from high school. In addition, once each month, the company provides a variety of free services such as legal advice/referral, stress counseling/referral, etc.

While such services do not affect the hiring process in direct ways, they impact employee retention, commitment, productivity, and loyalty, thereby supporting Fel-Pro's reputation, aiding the company in developing a ready pool of potential new hires and retaining an impressive number of long-time Fel-Pro employees prepared to train new recruits in company culture.

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Hallmark is a large manufacturer of greeting cards and related personal expression products. Headquartered in Kansas City, Missouri, the firm employs over 20,000 people worldwide: 12,000 domestically; half of the U.S. employees work in the firm's midwest headquarters. Hallmark has undergone significant change as a result of its 1995 reorganization in which the company shifted from a dual brand organization to single organization that features a product leadership focus. (the company merged with Ambassador Greeting Cards)

Human Resource (HR) Function. Hallmark has always emphasized employee relations as an aspect of its "core business," and continues to do so. HR has had some difficulty, however, in keeping up with the demands of the merger and with changes, (whether permanent or temporary) in Hallmark's business practices. Our respondent could not point to any particular change in the practice of HR, but noted, instead, that the level of concern about HR's ability to maintain its past practices has increased among employees at all levels. Hallmark is challenged in (1) hiring high-tech innovators, and (2) maintaining its "best practices" in HR while navigating the completion of the merger.

Hallmark, for example, has traditionally surveyed all of its employees at least biennially and has responded promptly to the results of the survey. Knowing what is on employees' minds helps the company anticipate issues and develop goals, objectives and programs that create a better workplace. This has created the expectation on the part of its employees that Hallmark will respond to grievances and remain open to suggestions about new and innovative business practices. Large-scale changes in the company's organizational structure has strained HR's ability to respond to employee concerns, some of which are inspired by the change itself.

Hiring Objective(s). In terms of skills, Hallmark is seeking employees with a high degree of "technological know-how" for positions involving off-set printing and digital image transfer. Hallmark has led innovation in the greeting card industry. Our respondent indicated that as computers become increasingly available and as desk-top publishing software becomes less expensive, the company's creative options and marketing opportunities increase. Hallmark is using technology in its current marketing efforts. The company feels that although the technical support for individuals to design their own greeting cards is readily available, the imagination required for the creation of a complete solution —art and editorial —is not so easily developed. Hallmark, our respondent noted, is really in the business of relaying emotion -the card has and will continue to be a significant medium of communication. As technology advances, the medium may expand. Hallmark is positioned at the forefront of such change. The company has experimented with computerized kiosks through which customers design and print customized greeting cards: on-line personalized cards: and software for producing greeting cards on home computers and printers.

Such technological advances, however, create employee recruitment challenges. Hallmark does not have a reputation as a "high-tech" firm, yet "high-tech" skills are those in demand at the company. Hallmark is finding the recruitment process with regard to technically skilled individuals more difficult because it has not hired technical candidates in the numbers associated with software and computer firms.

In terms of attributes, Hallmark seeks team-players who are also "change-drivers." The company looks for flexibility and commitment in new employees. Hallmark invests in its workers and is always seeking to prepare current employees for future responsibilities.

Hallmark relies primarily on the face-to-face interview to determine the presence of the attributes it seeks. The firm does no testing of any kind (with the exception of that consistent with its drug-free policy) and does not plan to implement any new testing procedures. It hires very few administrative support staff-people and has innovative methods for hiring others, (see "Alternative Staffing Arrangements"). The company does not view testing as necessary to insure a good fit between itself and new hires.

If training is required for new employees to fulfill their responsibilities, or if current employees are interested in improving their education or skills, Hallmark provides multiple options for such training/education.

First, the company operates an on-going in-house management training program. Employees selected for this program undergo training for a variety of management positions, but will continue such training even after achieving manager status. Such on-going training is consistent with Hallmark's policy of encouraging continued self-improvement on the part of its employees. Second, if a new employee requires training in a particular technical skill, Hallmark arranges training for that employee with local technical and/or community colleges and covers 100% of the cost. Similar arrangements exist for current employees who desire to upgrade their skills.

Finally, Hallmark pays 100% of tuition and fees (excluding books) for employees who are working on degree programs whether such programs are aimed at the high school, undergraduate or graduate level. Hallmark considers such investments in its employees a way to both combat turnover and improve the quality of its work force simultaneously.

Recruiting. At its Kansas City headquarters, Hallmark maintains an internal (paper) jobs bulletin board through which all non-exempt positions are advertised as soon as they become available. For exempt positions, the company maintains an electronic data base/phone system ("Job Awareness") wherein employees may scan a list of available positions, and then call the telephone number associated with each description to hear a more comprehensive description of the position, a list of the prerequisites for the position, and the potential pay scale. The firm is looking to expand the use of this system so that it is available to all employees at all levels. For both exempt and non-exempt, the firm only advertises externally if no appropriate internal candidate can be identified.

For external recruits of a general nature, a newspaper advertisement typically results in a more than adequate pool of potential candidates. In Hallmark's experience, the positive relationship the firm maintains with its employees pays off in that Hallmark is known as an employee friendly company, drawing workers from all over the midwest. Rarely, then, does Hallmark *have* to recruit. The firm generally has a standing pool of applicants from which it draws. Hallmark rarely goes beyond placing a local newspaper ad and listing with the public employment service in filling an open position.

Hiring Process. Hallmark relies heavily on the interview process in its evaluation of potential hires. After an initial low-level phone screen, a candidate will typically engage in several interviews with different people on the same day, (i.e., a hiring manager, a human resource manager, a peer, etc.). While such interviews do not usually involve "teams." the process itself involves a number of people from different levels and divisions within the firm. The final decision is made by the hiring manager.

New hires then undergo a three-day orientation program where they are introduced to all aspects of the business, though the program is reflective of the firm's emphasis on corporate "culture". There is no official probationary period, but new workers who do not thrive in Hallmark's environment tend to leave within 60 days.

Alternative Staffing Arrangement(s). Hallmark does occasionally use temporary workers in its headquarters location, but for seasonal and project-oriented work only. The firm does not want to be in the business of supervising temps while they work with employees because of the potential employee relations issues which could arise. Hallmark has hired full-time employees out of its temporary labor force, but rarely. The firm is developing a policy on the issue.

Hallmark used temporary workers extensively last year during its restructuring efforts. It employed a large number of workers in the 1994-94 remodeling of many of its retail stores across the country. It also installed large numbers of self-service card kiosks in retail outlets. These formidable tasks are nearly complete, however, requiring far fewer temporary workers this year. The firm estimates that it has employed several hundred temporary workers in 1995 for the continued remodeling of stores. After this year, numbers will taper off dramatically.

Hallmark avoids out-sourcing on-site functions including food-service, janitorial service and mail room.

Finally, Hallmark does entertain proposals (on a case-by-case basis) for other alternative arrangements. The "Info-Tech" division, for example, maintains core business hours of 9:00am-3:45pm. All of the division's employees must be present during such hours but may vary their schedules outside of them. Other employees are engaged in job-share programs and flex-time arrangements. Such practices are not yet wide-spread, but are becoming increasingly common.

General Comments. Our respondent was very cooperative and responsive to my inquiries. He did note that most comments reflected business practices at the company's Kansas City headquarters and admitted that his knowledge of regional or international practices is quite limited. He did point to other innovative practices which are not directly related to the hiring process but do ultimately affect it.

One interesting theme to arise out of this conversation was the nature of the relationship between high performance practices inside the firm and the hiring process. It was apparent from our respondent's comments about Hallmark, its employees and the history of relations between the two, that Hallmark has been a leader in establishing links between the institution and its employees. Flattened hierarchies and participatory management are nothing new to the firm. On the other hand, its hiring practices remain quite traditional, with the exception of those for particularly high-tech positions. Rather than a tension existing between the new and traditional, it seems that innovative human rights practices within Hallmark fail to drive innovative hiring practices in part because the firms hiring needs are few: employee retention is high, and there is a ready pool of applicants for every position because of the reputation such firms have built with their own employees.

Moreover, innovative human resource practices may directly affect the demand for new workers. For example, Hallmark maintains a "casual labor force" consisting of former Hallmark employees, usually retired, which is called upon to perform tasks ranging from training new workers on equipment to teaching about the firm's culture. Hallmark feels that the talent and experience of these individuals should not be wasted. Those who are interested in maintaining their connection to Hallmark and earning an extra paycheck may do so through this program. Such practices also prevent the need for Hallmark to outsource much of the training function.

Furthermore, rather than laying off large numbers of people during the merger, Hallmark instituted a surplus status program for its plant workers. Workers who were formerly "tenured" but whose positions were eliminated or altered were provided with the option of working a lower-level position for their previous salary with the intention that they would be moved up as soon as more senior openings became available. A technician whose equipment becomes obsolete, for example, might work as an assistant technician on a new piece of equipment for his/her technician's salary; as soon as a new technician position becomes available, the individual is offered the opportunity to train as a technician on that piece of equipment. This practice, in addition to Hallmark's emphasis on internal promotion, renders mid-level positions rarely open to non-Hallmark employees.

On a final note, our respondent did mention that the Hallmark retail outlets have just begun using a phone screen/interview program in their hiring processes. The program was purchased from **Pic-n-Save Shoe Stores** which developed the system for its own use, but now sells it to other retail chains.

Merck & Co. Inc.
Human Resources
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[Note: the following information was compiled from a variety of written and personal sources]

Merck & Company is in "the business of preserving and improving human life." The company is dedicated to the advancement of medical science through the development and manufacturing of pharmaceutical products for a variety of ailments. The company employs over 38,000 people world-wide and hired approximately 1,000 during the previous 12 months, the majority of which were salespeople.

Merck has integrated its founder's "vision" into long-term strategic planning to establish itself as a corporation with a reputation difficult to match in the pharmaceutical industry. While at any given time, Merck has no shortage of applicants, it faces the challenge of identifying those applicants who will not only mesh with, but also contribute to, "Merck's culture."

Human Resources (HR) Function. While Merck's emphasis on corporate "vision" has rendered the company attentive to its staffing needs, until recently there was little acknowledgment of the importance of HR in the staffing process. Today, however, HR has become much more of a business partner. The company recognizes the importance of "its people" and is becoming more reliant on HR to assist in identifying and developing them. There is increasing company-wide recognition of the need to develop better HR systems to support its function, which, in turn, supports the other business units.

Hiring Objective(s). Merck requires all of its employees to exemplify the company "code of ethics." It sees this code as a tool with which the company can attract and identify employees who will support Merck's culture, thereby contributing to the company's long-term success. By "ethics," the company means integrity, honesty and the ability to "take the high road." Merck seeks employees who have a sense of "the big picture" and are not afraid to make decisions based on long-term outcomes, even if the short-term achievements might be compromised. For example, on more than one occasion, Merck has provided and distributed free drugs to significant populations in need of them. One institutional manifestation of Merck's commitment to its code of ethics is the existence of *two* CEOs, one of whom is the Chief *Ethics* Officer.

Merck does seek specific skills in addition to character traits; such skills are "bundled" in terms of job descriptions and referred to as "competencies." Candidates for research positions, for example, must possess a set of competencies related to general techniques - they must *know how to perform* such techniques and *perform them well.* In addition, they must be adequately certified in their particular field and be able to discuss or illustrate how they have used their skills in innovative ways. Finally, Merck is (increasingly) seeking candidates with some knowledge of business practices in addition to their particular skills. While the company demands highly specifically-skilled individuals for all positions, Merck also feels that a general understanding of "how the world works" on the part of all employees is an important foundation upon which to build a team approach to the business of pharmaceutical development.

Merck uses no tests of any kind in the hiring process for exempt personnel. Merck relies on the Targeted Selection Interview, a specific interview protocol developed by a Pennsylvania consulting firm (Development Dimensions International), and tailored to the needs of individual companies. The company also requests three letters of recommendation from each potential candidate just prior to making an offer, and will also contact references over the telephone. While the company is aware that reference checking is becoming more difficult, (e.g., some employers will only confirm dates of employment), Merck has not yet encountered such difficulty and continues to check references on all exempt and non-exempt hires.

Recruiting. While Merck does receive large numbers of unsolicited resumes, it still engages in recruiting in an effort to "cast a wide net" and insure that it has reached a large number of potential candidates. The recruiting methods the company uses are fairly traditional although it is experimenting with new technologies. Primary sourcing methods include: college internships/recruiting, advertising in professional journals and association newsletters, and for very senior positions, using search firms to identify potential candidates. Merck also attends job-fairs, but has not found this method to be particularly useful. Merck also "banks" resumes for one year and, occasionally, will review them for a new hire. The problem is that the company had no efficient means of screening them, and relied on the memory of the person who filed them to recall the existence of resumes appropriate for a given position. To alleviate this problem, Merck & Co. Is currently evaluating *Resumix*, a human resource management database system.

While *Resumix* is not in full use yet, the company feels that it must become more efficient in processing the large volume of resumes it receives annually. At the same time, there is a great deal of concern about missing highly qualified candidates who might not have the right "buzzwords" on their resume. This is especially true given that Merck is an international operation which hires large numbers of non-Americans to work in its many locations across the globe. Because there are "different spellings for the same word, and different words for the same things" in addition to typical American business "lingo," it would be difficult to eliminate the bias in an electronic system. Merck is also very concerned about over automation — "we don't want our employees to feel isolated." People already work in independent labs here, human resources is one place where everyone has some interest. If that is automated, we will have one less forum for person-to-person communication and interaction."

Like many companies, Merck is undergoing reengineering with a particular focus on increasing the communication and interaction of the different divisions within the company. In assessing whether new technologies would assist in accomplishing this objective, the company is testing several new applications within HR. First, while Merck has had an internal e-mail system for several years, the company, with the assistance of a consultant, has just developed its own home page on the Web, and has charged an employee with updating that page, and "surfing" the internet more generally, for information useful to the company. Moreover, the internal e-mail system is undergoing expansion so that it can also serve as an internal posting system for announcing open positions. The company is looking into a kiosk system which would provide an interactive forum through which employees could both evaluate open positions and access information in their own HR records, (check their vacation time accrued, sick days used, cost of health insurance, etc.). Currently, Merck operates a telephone-based internal posting system —employees call the general number and hear a list of open positions, by pressing different numbers they can hear more about the positions, but they cannot apply over the phone or ask for information which is not included in the job descriptions.

Hiring Process: At present, line managers will generally do the first round of the first round of screening. The number of subsequent interviews and the process by which they are completed depends on the position itself and the desire of the hiring

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manager. For research positions, candidates might present their previous work in a seminar setting and then interview with supervisors and potential colleagues. For systems positions, candidates might interview only once with the immediate supervisor because there is a high rate of turnover in such positions. Business and sales candidates might meet with both scientists and supervisors in the business divisions in order to evaluate their knowledge of both the company's products and its business practices.

After screening and interviewing occur, there is usually a consensus meeting, with the hiring manager making the final decision.

Once an offer is extended and the candidate accepts, all divisions operate orientation programs, but they vary widely by division. For research positions, for example, candidates are introduced to the Merck culture, but are expected to engage in research immediately. New hires in the business divisions, however, undergo extensive training because it is unlikely that these individuals have comprehensive knowledge of the pharmaceutical industry.

There is a one-year probation period. Merck feels that thorough reference checking is a major reason that the probation period is used only occasionally, particularly with regard to new hires for research positions. Hiring managers generally know a fair number of the academic supervisors of their college/university hires, as well as scientists from many of their competitor firms. From Merck's perspective, a great deal of information about candidates can be compiled with a few short telephone calls.

Alternative Staffing Arrangement(s). "Merck is continuing to use temporary agencies for staffing administrative positions. The use of agency employees is increasing to assist with projects for a specific period of time without hiring permanent employees. Due to an on-site program with a temporary agency, Merck has been able to establish a "pool" of agency employees who rotate to various departments to work on special projects on an as-needed basis. This has reduced the training time since these individuals have knowledge of the company and its procedures. In some cases, Merck utilizes this group of agency employees as a recruiting tool in hiring its administrative staff."

Merck has used a number of consultants, particularly during the recent reengineering process. Such consultants have been hired for specific projects only and

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have not become Merck employees. This arrangement has worked well for the company.

Finally, Merck is beginning to introduce flex-time, job-share programs and telecommuting on a case-by-case basis.

General Comments. Although our respondent did not say so, she clearly indicated that networking is a major component of the hiring process at Merck. This is a logical outgrowth of the firm's emphasis on ethics and integrity - they trust their current employees to generate recommendations for new positions.

While the company has been quite innovative in certain business practices, its hiring process remains fairly conservative. Our respondent implied interest in the efficiency of new technologies, but was clearly uncomfortable with the potential trade-off in terms of the quality of the processes the company is looking to automate.

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Motorola

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Motorola is a large scale producer and manufacturer of consumer electronics, industrial semiconductors, integrated circuits and cellular communications. The semiconductor products division, in Phoenix, Arizona, was originally set up in 1949 as a small laboratory to develop electronic components for the company's consumer products. In 1955, the company chose to move into the electronics business, maintaining the Phoenix location as its division headquarters. Semiconductors now comprise 35% of Motorola's business and employ 13,000 people in the Phoenix location; another 7,000 are employed in the "Valley" (greater Phoenix and Northern Tucson). Of these 20,000 people, 1,600 of them were hired during the past 12 months.

Human Resource (HR) Function. Our respondent remarked that there had been significant changes in HR during the past several years, especially in the semiconductor products sector (SPS) because of its large numbers of employees. HR is no longer serving simply a personnel function - it is now much more of a business partner. HR is the primary facilitator of sourcing and training, and an equal partner in reengineering planning and implementation, productivity gains and the company's "renewal and growth" efforts.

Moreover, the increasing capacity of computers and new applications have created new possibilities for the management of Human Resource Information Systems (HRIS). Motorola's SPS is currently redoing its HRIS, in its entirety, in an effort to model and support the company's organizational partnerships. Motorola wants the level of interface increased between HRIS and HR, HRIS and "clients" (hiring managers and heads of divisions within SPS), and HRIS and employees at all levels. Motorola is working on a system which will allow HR do its job better from the perspective of both HR itself and its "clients" in other SPS divisions. The new system will include an interactive internal job posting system (SPS currently uses a paper posting system), and a wholly automated resume management system (SPS's current system is semi-automated but is unable to accommodate the tremendous volume of resumes the company receives).

Hiring Objective(s). Because of the high-tech and rather specialized nature of SPS's business, HR can assume the presence of some basic tangible skills in applicants for the vast majority of positions. After that, however, SPS is shifting away from experience-based and more toward behavior-based interviewing and screening. While the company still uses the TBATB (Technical Basic Aptitude Test Battery), to determine the aptitude of potential candidates, it "is migrating toward behavioral assessments because people skills are often just as crucial to businesses who rely on team work to get things done." SPS seeks candidates who can demonstrate good two-way communication skills, flexibility, tolerance, and enthusiasm. While the company is currently using rather informal behavior-based interviewing to determine such qualities, it has designated a task-force to evaluate more sophisticated testing methods.

Recruiting. SPS uses a variety of sourcing methods to identify applicants for the company's different positions. For exempt hires, Motorola first encourages employees to identify colleagues from their own professional networks and maintains a generous employee referral program. In addition, candidates who pass the first screen are encouraged to bring associates from their professional networks or programs of study, (the company refers to this practice as "lead-chaining"). The company also maintains an active presence at job-fairs (local and national), technical conferences and well-reputed technical schools, colleges and universities and their alumni associations. Motorola has also institutionalized relationships with professional, minority and women's associations and organizations which result in a significant number of hires annually.

For recruiting groups of applicants rather than just a few, SPS relies on advertising in newspapers, professional journals, campus employment offices and the word-of-mouth networking of its other sources. The company also organizes field trips wherein it makes a public announcement that it will interview at a given location, (usually hotel meeting rooms), and then hand screens applications and interviews multiple candidates at a time. Finally, SPS has just begun to use the Internet and is in the process of developing an interactive Web page/application which would then be sent by electronic mail to Motorola/SPS HR.

For non-exempt positions, SPS relies heavily on walk-in applicants. As the Phoenix area is experiencing rapid growth, the company has been able to count on a steady pool of skilled applicants. It also advertises such positions in local papers and posts with the public employment service.

Finally, for both exempt and non-exempt positions, SPS receives thousands of unsolicited applications each year from individuals all over the country. Processing them and responding have become one of HR's greatest challenges.

Hiring Process. All of the applications SPS receives from its various recruiting methods are screened by hand. Afterwards, candidates are subject to a telephone interview with an HR representative. Once a potential hire is invited to visit the company's facility, the candidate is likely to engage in 5-6 interviews with HR representatives, hiring managers, peers and a "hiring team" if one has been determined. All of the interviewers and members of the hiring teams are trained in interviewing and hiring through "Motorola University."

All potential candidates are drug-tested on-site as a part of the interview process. Once a collaborative decision is made, and an offer extended, SPS completes a reference check, and a subsequent background investigation for senior level employees. Both procedures are completed in-house through Motorola's security division.

Once candidates accept their positions, they will attend a two-day orientation to Motorola which emphasizes the company's culture, (employees are then, quite literally, called "Motorolans.") Subsequently, employees will attend "integration" programs in their own divisions. While the company officially has a 90-day probation period, it is rarely invoked. "if the hiring process is done right, there is no reason to mandate a probation period." This is the crux of Motorola's "new hire warrantee" (or New Employee Warrantee System - NEWS) wherein HR guarantees that its new hires are good ones. While there are no negative consequences, other than the obvious - wasted effort in the hiring process, the warrantee keeps the hiring process consistent and insures that hiring managers communicate their needs appropriately to HR so that HR can respond appropriately.

Alternative Work Arrangement(s). While Motorola does use temporary services, it does so on an emergency basis and in small numbers. When temps are present in the workplace, they are clearly identified with black badges so that they are easy to spot: managers can then attend to their questions and check on their progress more frequently than they would if the temps were full-time Motorolans. Occasionally, temporary workers have become full-time Motorolans, but the company does not use such workers as a primary recruiting source.

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In terms of outsourcing, the sole functions for which Motorolans are not responsible are janitorial services and facilities management.

As for scheduling, Motorola maintains "core hours" during which all employees must be present. The remainder of the full-time hours are left to the discretion of the employee and immediate supervisor. Telecommuting and job-share are also becoming more common.

While Motorola, as a company, is well known for its innovative HR practices, the most recent one being its "school for parents" (see *Business Week* 8/21/95), the SPS itself has put into practice a fair number of more general Motorola principles. One of these, "the individual dignity entitlement" program requires all managers to ask all employers six questions (once every quarter) relating to their quality of life/work. Such questions are used as a springboard for discussion about workplace improvement.

In addition, as of January, 1996, the company is changing its approach to the employee benefits package. The new package is called "lifesteps" - it is a flexible package which allows for continuous benefits analysis and reallocation as the employee's personal and family needs change.

Similarly, the company's wellness/fitness program, called "lifeforce," will provide more regular opportunities for health maintenance, (e.g., regularly scheduled hearing and vision test, nutrition counseling, etc.). Employees already have access to a fitness/recreation center on-site.

Child care, an increasing concern for many Motorolans and a benefit many other Motorola facilities currently provide, will be evaluated as an option for the Phoenix location.

Finally, as part of the Motorola University educational program already provided, there will be a new emphasis on the family. In addition to the "parents school," employees will have the option of training in "integrating new employees *and their families* into Motorola culture." All employees are currently required to take forty hours of paid supplemental education through Motorola University every year, the content of which varies from rigorous academic or professional training to personal enrichment. A portion of the curriculum changes frequently to reflect new concerns of employees and managers. One such concern is that of supporting *families of employees* in addition to the employees themselves.

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While none of these policies are a direct part of the hiring process, they contribute to Motorola's solid reputation as a "a great company to work for." The notoriety, then, translates into a high degree of employee loyalty, a low employee turnover rate and a constant stream of applicants for positions which do become available.

Plumley Companies
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Plumley Companies, Inc. is a family-owned subsidiary of Dana Corp. Plumley manufactures automotive supplies for Toyota, Ford, General Motors, Nissan and a number of other large-scale car manufacturers, in addition to hoses and other parts for household use. The company operates seven plants in the Southeast, which, together, employ over 1,400. Of those, approximately 100 were hired during the past 12 months. The company's most formidable challenge is recruitment and retention of educated people who can exercise good judgment and work in a team environment.

Human Resource (HR) Function. HR has always been important at Plumley because its business requires people power. Recently, however, HR has become more of a strategic business "partner" because of the company's recognition that innovation is driven by people who are innovative. Since it is HR's job to recruit, train and hire such people, HR must be involved in company wide policy development and implementation. Interestingly, the company has identified three objectives in its mission statement, one of which has to do with providing a healthy working environment for its employees.

Hiring Objective(s). Plumley has had difficulty recruiting educated employees, so the company seeks candidates with aptitude and then invests in their education and training. Plumley looks for flexibility, versatility and willingness to learn. The company wants candidates who have demonstrated their resourcefulness in a number of settings. In terms of skills, the company prefers applicants who have worked with computers, but as long as the applicants show eagerness to learn, experience is not required. Plumley is a manufacturing company, "we want hard-working people who take pride in their work - just plain good folks."

Recruiting. Plumley uses primarily traditional recruiting methods- the company posts with the state employment service, local colleges and trade schools, newspapers and community bulletin boards, (e.g., local grocery stores). Most of its new employees, however, are recruited internally at Plumley or from within the network of manufacturing firms owned by Dana Corp. Dana operates an internal on-line service called Dananet on which all affiliated companies can place ads. Plumley also operates a successful employee referral program. Finally, Plumley recruits through the bulletin boards at annual industry and trade shows and professional conferences.

Hiring Process. Plumley does not use pre-employment testing. Since the company is seeking aptitude above skills, HR feels that intensive interviewing will reveal more than testing will. A typical candidate (internal or external) will undergo up to four interviews. The first interview is conducted by HR, after that the candidate will meet with the hiring manager, plant manager and other colleagues in different combinations depending on the nature of the position for which the candidate is applying. Ultimately the hiring committee, comprised of all of the individuals who were involved in the interview process reaches a consensus and extends an offer.

Employees then enroll in a 90 day orientation program consisting of several days of introduction to the company and its "culture," benefits, protocols, etc., followed by a tour of all of the Plumley facilities. During week two the employees begin work but are assigned a "buddy" to assist them in "learning the ropes." After week two, employees are provided with a questionnaire so that HR can identify any neglected areas of training early enough to remedy them. At that point, internal hires have the opportunity to return to their old job with no questions asked. Otherwise, all hires are subject to a 30-day review with the HR department which takes charge of creating and maintaining a healthy work environment for both employee and manager. HR also maintains and reinforces an open-door policy and encourages employees to bring questions or concerns. A sixty day review follows. Finally, peer reviews are implemented after the 60 day HR employee review.

At that point, new employees are eligible for (and encouraged to take part in) any of the company's education or training programs. Plumley operates it own education programs through which employees can earn certificates and degrees ranging from a GED to a Masters Degree. While employees are in school or training, the company pays them for half of their time. A myriad of courses are offered on-site including health and safety, languages, math skills, etc. Employees may also take courses which earn them Certified Quality Technician (CQT) or Certified Quality Engineer (CQE) status. Such status earns employees a $500 bonus upon completion of their certification and, for CQEs, an extra $100 per month bonus. If courses are not available on-site, Plumley will reimburse 100% of tuition and books for courses taken at local colleges, universities or trade schools.

The company also runs a family-oriented learning center two nights per week and on Saturdays. This facility maintains computers for employee use, complete with a full-time staff of qualified instructors. In an effort to improve its family-friendly policies, the company is working with local vocational schools to set up child-care for the children of employees at a reduced cost.

Alternative Work Arrangement(s). Plumley maintains a policy against the use of search firms, recruiters and outsourcing in general. Though the company does employ temps, it does so infrequently and for specific projects only. The company does offer various work schedules such a flextime or reduced hours with benefits. Such arrangements are made on an as needed basis.

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Sears has just undergone a major restructuring as a result of shedding its association with insurance agencies and other "non-core" operations. As of July 1, 1995, Sears became a pure retail operation. The company employs approximately 300,000 associates (including seasonal hires) across the United States, 5,000 of those work at corporate headquarters in Hoffman Estates, Illinois. During 1994, 3,100 people were hired into management or other exempt positions, 13% of which were external hires. The company's most formidable challenge is identifying and attracting competent, capable individuals who can transition in a flexible, fast-paced environment.

Human Resources (HR) Function. Until three years ago, Sears seldom looked outside the company for new talent. Employees "moved up the ranks according to seniority more than anything else." Changes in the marketplace and in the organization itself have forced the company to rethink this practice. While it wants to provide a secure workplace for its associates and develop new talent, Sears has also realized that "new blood" is a source of innovation that the company had been neglecting. The emphasis in recruiting has shifted to outside the company, and the current focus of HR operations involves optimizing the mix of internal and external talent. HR has become much more of a business partner during this transition, becoming increasingly involved in succession planning and increasingly concerned about its impact on "the core business" and the "bottom-line." Earlier this year, Sears created the executive recruiting division in order to identify new external talent for management and exempt-level positions, placing less emphasis on selecting its executives internally.

Hiring Objective(s). While the particular skills that Sears seeks in new hires vary according to the position and level of responsibility, the company does seek "core competencies" in all of its employees at all levels. These include: "associate development skills" (the ability to help subordinates, colleagues and superiors develop their skills and reach their full potentials), two-way communication skills, problem-solving skills, diversity, integrity, and (business) literacy. Sears also looks for candidates who exhibit "change" leadership capacity and team orientation.

In terms of personal characteristics, Sears seeks those attributes consistent with its "Three P's: *p*assion for customer service, *p*eople add-value and *p*erformance leadership." The "Three P's" are the driving force behind HR policies and practices at Sears. Sears sees these aspects of its employees as both mutually reinforcing and (collectively) contributing to an environment which supports and reinforces the company's "culture."

Hiring Process. To determine the presence of the attributes the company has identified as important in prospective employees, Sears relies primarily on behavior-based interview techniques. The company is particularly interested in the ability of potential candidates to communicate their ability to resolve difficult situations they have encountered. Management and exempt-level candidates are required to pass the company's "executive battery of tests" in order for Sears to measure important skills and abilities. Information systems candidates are also required to pass a "programmer aptitude battery." In-store selection processes consist of initial and final structured interviews and a test.

While Sears does not engage in pre-employment training, it considers post-employment training part of the job. The company established "Sears University" in 1994 at its corporate headquarters and seven regional training centers. Over 7,500 Sears associates received some kind of training in these facilities last year. Such training can be either skills-based or related to the development of the "core competencies" of individual associates - there is a wide variety of programs of different lengths, levels and depths. The focus of the University is to support skill development that "drives" corporate objective attainment.

The "University" operates on a "semester" system with a new directory of courses printed every six months. Employees register on-line and continue to receive pay during their training. There is no minimum or maximum amount of training required by the company during a particular time, but all employees are strongly encouraged to enroll in some form of continuing education on a regular basis. Sears also sees these facilities as an important means of team building because associates interact with a wider variety of other Sears associates than they would during their regularly scheduled work week.

Recruiting. Because of the company's new emphasis on external hiring, Sears uses a wide variety of sourcing methods, though the company does not expect to maintain all of them. First, for entry-level management professionals, Sears maintains a college relations program with 85 undergraduate and graduate institutions of higher learning across the country. The company also encourages its associates to maintain contact with their own college and university alumni associations so that the company reaches a wide audience through employee networks. Sears also targets professional associations and local business networks, (clubs or community groups). For store level non-salaried positions, Sears posts positions in community centers and with the public employment service, in addition to local newspapers.

For management and salaried positions, the company established its own internal executive recruiting division that engages in "direct recruiting", which included targeting and "cold-calling" individuals in comparable positions at other corporations that might compete with Sears or have similar labor power needs. Similarly, Sears contracts out to executive research firms that specialize in identifying and pre-qualifying candidates based on the position specifications and gauging the candidates interest in the positions. These firms then hand the responsibility back to Sears. The company then determines which (if any) candidates to pursue. Sears also does proactive advertising in business journals and professional trade publications, even when no positions are open. This practice allows the company to "see what's out there," and to "bank" resumes and keep track of where "desirable executives end up."

Finally, Sears uses third party search firms to identify candidates with particular skills and experience for senior level positions.

In addition, Sears has sources candidates through outplacement services provided by other companies, (for example, Drake Beam Morin has provided the company with a number of successful candidates through one of its sponsored job fairs). The company also maintains an on-line job posting service for internal hires. It is currently available only to non-salaried staff at the headquarters location, but the company is looking to expand this service to all Sears associates.

External candidates are invited for an interview after an initial telephone screen conducted by an HR representative or hiring manager. Occasionally, a candidate will interview without the initial screen, but only on the recommendation of a member of the management team. After the telephone screen, a typical candidate will interview 2 or 3 times with a combination of HR representatives and managers, with the hiring

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manager making the final hiring decision. Internal candidates are not subject to the telephone screen and begin the process with an interview.

Just before an offer is made, the internal search firm checks the candidate's references. Just after the offer is made, the candidates are required to pass a drug screen and, in the case of management and salaried executives, a background check is completed. These functions are outsourced to a firm specializing in such practices.

Once candidates accept positions, they complete a two-day orientation program comprised of tours, meetings, videos and introductions to the company and to the heads of each business unit. Employees are then immediately encouraged to become involved in "Sears University" activities.

Alternative Work Arrangement(s). Sears' use of temporary workers has increased during the past three years. The company used to employ temporary workers only for administrative support positions; now temporary workers are filling store positions and specialized positions within corporate headquarters. "Our use of temps has become less strategic and we need to reevaluate the ways in which we employ them." Part of the (new) responsibility of HR representative is to identify positions which should be filled by full-time employees, and work with all of the business units in order curb the use of contract and temp workers to only those jobs for which such arrangements are appropriate.

In terms of alternative arrangements for entire functions, Sears has outsourced the mailroom, reproduction and graphics, and food service

Sears had been using flexible scheduling for several years. It established company-wide "core hours" (8:30am-4:00pm) during which all regularly scheduled full-time employees must be at work - other hours are left to the discretion of the employee and immediate supervisor. A few employees have arranged short-work-weeks on an individual basis.

In terms of "high performance HR practices," which the company sees as supporting a quality workplace and preventing turnover, Sears has contracted out to Johnson & Johnson a wellness/fitness center on-site which employs an RN and several other health care professions who educate employees about everything from stress management to nutrition; a child care facility which has been very well received; a transportation service which picks employees up at scheduled stops from Indiana to

Wisconsin on a daily basis; and a variety of on-site ancillary services such as dry cleaning, postal services, banking, etc. Such services are fairly new, but they are increasing as a result of the company's effort to support, to the extent possible, a high quality of life for all employees. Such quality prevents tensions and enhances the company's reputation.

General Comments. Our respondent was quite receptive to my inquiries and eager to learn more about how other firms are dealing with the challenges of staffing while reengineering.

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Southwest Airlines
Director of Corporate Employment
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Southwest Airlines has been described as "an upstart" air passenger transport company which has always "bucked convention." It operates in low-margin, short haul markets and flies only the 737. While considerably smaller than many of its competitors, Southwest is a strong performer, recording 23 straight years of profit including 1992 in which it was the only carrier to do so. While Southwest is notable for its unconventional practices, such as ticketless travel, and no-frills service, the responsibility for its solid reputation rests primarily with its people. Southwest has built a culture on team-work, enthusiasm and tolerance.

Approximately 20,000 people are employed by Southwest, of which 4,300 were hired to fill *new* positions last year. This figure does not include transfers or turnover, but represents only new staff positions. The company faces a momentous challenge in processing the enormous volume of applications it receives and identifying the best potential candidates. For last year's 4,300 positions, for example, the company received 150,000 initial applications and interviewed some 38,000 candidates. Since Southwest prides itself on its relationships with its employees and customers, the company takes great care to treat its applicants well because it recognizes that they, too are potential customers —the company does not want to "burn any bridges."

Human Resources (HR) Function. Southwest refers to HR as the "People Department" —not only verbally but also in the firm's organizational chart, office memoranda and letterhead. The idea, according to our respondent, is to "institutionalize Southwest's commitment to people, both inside and outside the company."

Our respondent noted that she, having come from marketing and not HR, brings new perspectives to the issue of change in the HR function within Southwest. In past years, HR was perceived as a "necessary evil," even by HR professionals themselves. Southwest established a commitment to "partnership" between divisions within the company early on, however, it did not take long for employees at all levels to realize that the entire company must trust HR to identify and hire the people who would ultimately achieve its corporate goals. The HR department's credibility increased as it became more involved in the development and implementation of large-scale company strategies and fundamental objectives.

Since our respondent joined the "People Department" (and one of the primary reasons she was attracted to the position in the first place), the interaction between other divisions of Southwest and HR has increased exponentially. "It is the only division of the company which interacts regularly with every single other division - HR is now perceived as a primary resource for the company and its credibility has really increased."

Hiring Objective(s). While specific skill sets are important, depending on the job description, Southwest looks first for potential —it is attitude that the company uses as a "knock-out factor" when screening. While our respondent noted that the characteristics Southwest seeks are fairly nebulous, she said that hiring managers "know them when they see them." Such characteristics include team spirit, approachability, loyalty, confidence, service orientation and a sense of humor. Corporate Culture is important to Southwest - the company seeks employees who will not only uphold it, but also make a contribution to it.

Potential employees must also have good interpersonal and communication skills. They must exhibit good judgment and a desire to engage in continuous learning. Southwest seeks employees it can train, retain and promote. More specific skills vary by job description, for example, employees working in high-tech positions must demonstrate technical competence in addition to personality; for other employees, coordination and or computer skills might be necessary.

Southwest relies primarily on the Targeted Selection Interview (developed by Development Dimensions International, a management consulting firm in Pennsylvania, and customized for each firm using it) to determine the presence of the skills and attitudes it seeks in new employees. This interview follows a specific format and is part of a selection package Southwest uses to assist in the training of its managers in the hiring process. It uses no pre-hire tests with the exception of a grammar test for customer relations writers.

In terms of any training employees might require to perform their jobs or to improve performance, Southwest offers two programs. The "University for People" is the training program in the "People Department." Employees engage in both mandatory and optional training in leadership, diversity, team building and personal

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development. Within each division of Southwest, there is a separate training program for skill-building in areas appropriate for such divisions —sales divisions might offer public speaking and persuasion training, for example; other departments might offer training in new software or in accounting skills. Southwest refers to this two-tier training program to insure that its employees are "doubly-fit."

Recruiting. Because Southwest's employee-friendly environment is well-known, the company has not had to work at recruiting. It has maintained an enormous steady stream of applicants for a wide variety of positions. Only recently has the company begun to look at sourcing. Southwest is developing networks of resources in each city where it maintains a presence. It has contacted City Colleges, Universities, Junior Colleges and occasionally high schools or trade schools in an effort to identify high-quality jobs programs or career development offices. The company has also contacted local chambers of commerce to identify firms which might be down-sizing or laying off workers with skills that are in demand at Southwest. Southwest also maintains relationships with a number of professional and minority associations. Through these efforts, Southwest is looking to short-cut the selection process by outsourcing the "sourcing" function, or hiring one or more firms to identify reliable sources of good candidates in each location where the company maintains a heavy presence. Southwest would take over the screening of candidates. The company is also considering outsourcing the entire recruiting process to a fee-for-service agency.

Present means of recruitment, however, include first, an internal job posting. Southwest recruits internally for most positions before it looks outside. While this posting is currently a physical (paper) bulletin board, the company is looking to go on-line. If an internal search does not produce appropriate candidates, an external search begins. For technical positions, the company has developed a home page ("home gate") on the World Wide Web. Since this has proven moderately successful, Southwest plans to expand this practice to include announcements for non-technical positions as well.

For entry-level jobs, Southwest does post with the public employment service. The results have varied drastically from office to office. Some employment services are quite professional and others routinely send inappropriate candidates, creating more work for the people department rather than less.

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For professional level jobs, Southwest has been fairly successful relying on word-of-mouth. Southwest employees tend to be good networkers so information about open positions gets around quickly. For senior-level positions, the company has hired search firms, but it prefers to avoid such expenses, instead relying heavily on personal referrals.

A recent program of advertising in the company's in-flight magazine has proven successful. Southwest management is of the opinion that customers choose Southwest, in part, because of its high-quality customer service. People who can appreciate such service are likely to have some experience with providing or managing it, so those people are entirely appropriate to inform when there are open positions at the company.

Hiring Process. After recruiting efforts have produced an ample pool of candidates, the company uses different methods to screen for different positions. For flight attendants, Southwest likes to do an initial paper screen, (the most difficult part in terms of volume) and then organize a group interview to which it transports potential candidates. For other positions, the company either conducts telephone interviews, or instructs potential candidates to telephone an 800 number for a telephone screen. Currently the screening is performed by humans, but the firm is looking to automate the system. For referrals or internal candidates, Southwest might use the Targeted Selection Interview right away. For an average candidate (internal or external) three "points of contact" with the company is typical.

A consensus is generated by all of the interviewers, sometime this takes place in the form of a hiring committee (for senior positions and for pilots). Generally, the interviewers include a representative from HR, a hiring manager(s), a representative from an occupation which requires the services of the position for which the candidate is applying, (e.g., a pilot is represented on the hiring committee for lower-level pilots or trainees), and a peer(s).

During the final interview stages, Southwest checks references and subjects candidates to background checks and drug screens. This reconnaissance is a function that the company is looking to outsource because it feels that the people-hours involved in such checks take away from attention to the core business of "people moving."

All new hires are flown to the Dallas headquarters for a "new hire celebration." New employees spend an intensive several days learning about the history and culture of Southwest, meeting corporate executives, touring the facilities "and generally getting to know the company." The probation period begins just after the orientation - for pilots it lasts one year, and for all other positions, six months.

Alternative Work Arrangement(s). Southwest uses many temporary workers, usually for administrative support positions. The company is looking to outsource the entire administrative support apparatus, but is not necessarily willing to grant exclusivity to one agency. The company has found particular temporary firms to be more competent in certain areas and would like to maintain the current competence level of all of its on-site temporary workers. The company is currently evaluating the ramifications of more than one staffing service firm represented at a time, (i.e., will such firms allow their employees to be managed by employees of another firm?). Southwest is in the process of working out an arrangement with its top three firms. Southwest has hired temporary workers for full-time positions, but the burden of hiring and managing Southwest workers, in addition to temporary workers, is what prompted the company to move toward outsourcing.

In terms of full-time Southwest staff, flight crews have always worked flex-hours (based on seniority preferences), out of necessity - "travel is not a 9-5 business." For management, however, such arrangements are new. Southwest has just begun experimenting with job-share, flex-time, and reduced hours (with benefits) for certain senior level employees. So far, such arrangement are working well.

Southwest sees itself as an employee-friendly company. In its corporate headquarters location, and in certain others across the country, Southwest provides recreation areas and sports "clubs" (e.g., walking/jogging clubs, volleyball teams, etc.). It also maintains shower facilities and locker rooms at these locations. Some locations have aerobics or other regularly scheduled recreation activities. For families, the company is working to establish a partnership with a child-care provider to establish reduced cost care with flexible schedules for Southwest employees. The company also provides scholarships to employees' children who enroll in 4-year colleges and/or universities. (scholarships are also available for employees to complete training for specific Southwest services).

Most important, from the company's perspective, is the open door policy management emphasizes in its relations with employees at all levels. The communication skills for which Southwest screens "are not just for customers' benefit but for everyone's."

General Comments. Our respondent was quite open about the company's HR practices, successes and challenges. She also expressed a genuine interest in the Employee Hiring Project and in learning more about the HR challenges other companies face as they engage in reengineering.

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Target Stores
Human Resources
Vice President of Stores and District Personnel
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Target is an independent subsidiary of Dayton Hudson Corporation and operates several thousand retail stores across the country. The company is heaquartered in Minneapolis, Minnesota and employs 150,000 individuals in its corporate offices and in its 700 retail outlets across the country. Target has experienced explosive growth in the past several years and hired 95,000 workers last year. Our respondent noted that a large number of these were seasonal or the result of new store openings. While Target places a great deal of emphasis on employee relations, it is challenged to raise the level of awareness of company culture in its older stores to that which is typical in its newer ones.

Human Resource (HR) Function. HR at Target has always been closely connected to the business group. Workers are considered profit/loss partners at corporate headquarters because they represent the first point of contact between customers and Target. Given the company's recent large-scale growth, HR's importance has increased relative to other divisions within the company. Management knows that the "acquisition of high quality people is central to the company's long-term success." Moreover, HR is responsible for the programs in which it trains store personnel in HR high performance practices.

Hiring Objective(s). While there is some overlap, Target seeks different sets of characteristics depending on whether the hire is corporate or store-based. In its store employees, Target seeks candidates who are friendly and approachable, reliable, and can easily adapt to change. Additionally, the ability to work as part of a team and maintain a consistent "guest" (customer) orientation are characteristics the company demands. For corporate positions, Target seeks individuals with good judgment and communication skills in addition to particular skill sets related to job performance. It is also important that corporate staff members be flexible in order to work with very different management styles across a wide geographic area. It is corporate's job to insure mutual interaction and communication between upper management and store "teams" and also between different store "teams."

Target has developed "profiles" it seeks in potential candidates based on attitude inventories completed by successful members of the Target "team." Individual stores, however, determine how to identify such characteristics in applicants. Some stores use targeted interviewing wherein they ask potential candidates specific sets of questions and code the responses. The candidates must score above a certain number to return for a second interview. About half of the stores use pen and paper tests to screen for behavioral characteristics. A few stores have begun screening through an interactive telephone interview where candidates respond to the questions by pushing the numbers on their telephones; other stores screen over the telephone but through a person rather than automation. Still other stores use more general interviewing techniques in order to avoid eliminating good candidates too quickly. Over half of all Target stores do pre-employment drug testing immediately prior to hiring. For all stores, the written application, particularly as the first point of contact, is very important. A neat application in which every question is answered appropriately "counts."

In terms of corporate hires, the interview is the primary screen. Because 85% of Target's corporate staff is hired from within, previous Target experience serves as the initial screen. Only administrative assistants and, occasionally, programmers are tested. Otherwise, the interview is the hiring vehicle.

Recruiting & Hiring. Because of the volume of hiring in which Target is regularly engaged, it uses a variety of sourcing methods. Large ads in Sunday papers are effective recruiting tools for Target, country-wide. Occasionally, Target will advertise in a "postscript" to one of the company's regular radio or television ads. The company also does direct recruiting by inserting applications into the shopping bags of Target "guests" and by soliciting employees from other stores with similar environments. Target managers are instructed that they should always carry business cards to solicit applications from outstanding customer service representatives and sales people at other establishments. Target also posts with the public employment office nearest to the hiring store. Our respondent noted that services vary widely. Target does not like to post, for example, at the Beverly Hills, California office because it creates work for managers who must process applicants with inappropriate skills. On the other hand, our respondent noted that the office serving Uplands and Riverside in San Bernadino, provides excellent service. She also mentioned that she had recently used an employment services center in Portland, Oregon in which to conduct an interview. Again, she received excellent service and noted the professional atmosphere including the presence of recent and useful publications in the office, sharpened pencils and clean notebooks, and updated bulletin boards in addition to overall employee competence.

Finally, Target has just begun experimenting with the World Wide Web and created its first Home Page recently. The company is currently posting all position announcements on-line, but it is too early to tell whether or not this will ultimately prove a successful means of recruiting on a large scale.

In terms of corporate hiring, Target maintains an internal on-line posting system in the corporate headquarters, (but not in stores). The higher level the position, the more likely that the candidate will emerge from the pool of internal candidates, so open positions are posted internally prior to their public announcements. In terms of external recruiting, while new positions are announced on-line, the three primary sources of new candidates include: college recruiting, Target managers who identify emerging talent in their stores, and other retail businesses similar to Target. Target has an extensive college recruiting program wherein the company sends representatives to a large number of college campuses across the country three times a year. Because Target operates such a comprehensive internal training program in an effort to "grow" its employees along with its business, college recruiting is the method of choice in corporate hiring.

Occasionally, Target store managers will refer a candidate to corporate headquarters. While Target wants all of its employees to have some on-site store experience, such experience does not necessarily provide skills-training appropriate for corporate positions. The skills of an excellent salesperson, for example, might be rendered irrelevant if the salesperson is promoted into advertising. Occasionally, however, an employee's talents are realized in a store setting and developed in a corporate one. Finally, for specific positions where similar experience at a retail establishment other than Target might be appropriate, the company hires directly from its competition.

In terms of the hiring process itself, again, it depends upon whether the employee is hired into a store or corporate environment. Store employees pass the initial screen (whether a personal interview or personal or automated telephone screen), and will then meet with the store manager, or the hiring manager depending upon the size of the store and the position for which the candidate is interviewing. The candidate may go through another interview, but at the store level, usually one interview in addition to the screen is sufficient and the successful candidate will receive an offer of employment. Target runs security checks only for candidates whose jobs involve the handling and transport of large quantities of store material. Employees receive in store training as needed until they reach the managerial level and are required to train extensively, and on a regular basis, at the "Target Business College."

Candidates for corporate positions will tend to undergo more intensive interviewing, including group interviews with a number of representatives from Target's management team. Background checks are run only for candidates who apply for very senior positions. All new corporate hires are required to attend intensive training through the company's business college. Such training is comprised of a six-week program which covers introduction to the Target culture, supervisory training on hiring, mentoring, and motivating and diversity training. Another four weeks is spent training for the employee's specific position, as well as for each position to which the employee might be transferred or promoted.

Alternative Work Arrangement(s). Target is just beginning to experiment with alternative work arrangements at its corporate headquarters. Flex-time, job-share and other innovations are considered on a case-by-case basis but are not widely practiced. These issues have not emerged at the store level because a large retail business like Target's offers the possibility of a structurally flexible work schedule because it is open for business 12-14 hours everyday.

While the sheer number of employees, in addition to the high turnover rate, prevents the company from offering its employees certain options such a child care, the company does consider itself family-friendly, (both to its employees and its guests) and offers scholarships, supports adult literacy programs and significantly contributes to other "healthy community" initiatives.

General Comments. Our respondent did not offer any information other than that about which I specifically asked. I was a bit struck by the way she so clearly delineated corporate headquarters from store operations. While she spoke a lot about "teaming" and seemed to be somewhat familiar with the language of quality management, she did not provide much evidence to suggest that the team concept had bridged the retail/corporate divide. On the other hand, I did meet several hundred Target employees in Atlanta (from all over the state) who were training "Target

Teams" for several new stores. I (informally) spoke with several managers about store hiring practices and learned that such managers have a great deal of license in the hiring process. None of them used the personality inventory test claiming that it was not necessary to identify "Target people." Judging from the enthusiastic employees present in Atlanta, they appeared to be correct. While I did not have an opportunity to observe them in a work setting, I was struck by (a) their diversity in age, size, and appearance; (b) their universal enthusiasm; and (c) their team-building efforts - they were quite direct in their efforts to integrate the new employees with the experienced ones rather than allowing one group to cluster.

APPENDIX C

Summaries of Employer Focus Groups

APPENDIX C
SUMMARIES OF EMPLOYER FOCUS GROUPS

DOL EMPLOYER FORUM I
AUGUST 1, 1995

The first DOL Employer Forum Focus Group Meeting was held from 9 a.m. to 11 a.m. at the Omni Hotel at CNN Center in Atlanta, Georgia. Participants included:

- Carol Faubert, Director of Human Resources, Powell, Goldstein, Frazer, and Murphy
- Styleen Hasbrouck, Non-exempt Employment Coordinator, Scientific Atlanta, Inc.
- Bart Humphries, Human Resources Manager, GTE Customer Network
- Stan Roux, Workforce Planning Manager, United Parcel Service of America Inc. (UPS)
- Lee Sardella, Corporate Employment Manager, UPS

Kristin Wolff of Social Policy Research Associates explained that her firm and Research and Evaluation Associates had been selected by the U.S. Department of Labor, Employment and Training Administration, to study how private sector firms recruit and hire new employees and to identify what emerging practices are being used by firms to meet their human resource needs.

Trends in Hiring Practices. Ms. Wolff explained that the study includes three phases: (1) a review of academic and professional management/human resources literature, (2) telephone interviews with informed observers at the national level and in specific labor markets, and (3) focus group meetings with selected employers to discuss hiring practices in three major U.S. labor markets. She identified four emerging trends noted in the literature review: These included:

- The increase in worker involvement as a result of reengineering the workforce.
- The shift toward seeking employees who have attitudes consistent with the corporate culture in addition to necessary skills.
- The use of new technology by firms and job-seekers and its effect on screening.
- The increased use of contingent labor.

Contingent labor includes both professional and support staff hired on an interim basis. Ms. Wolff indicated that industry experts predict that 60 percent of the workforce will be contingent labor by the end of the century. At the end of the meeting a report summarizing the literature review was distributed.

Rose Cooper of Research and Evaluation Associates served as facilitator of the meeting. She asked each participant to give a brief introduction, including name, firm, and industry represented; position, length of time in that position, and role in hiring process; size of workforce and number of employees hired in last year; and key changes and challenges affecting the hiring process. Participants were also asked to complete forms that were distributed. Copies of these forms are included in Appendix A.

Focus Group Participants. Bart Humphries is the Human Resources Manager of GTE Customer Networks, which is a large, privately owned non-regulated telephone system. They have more than 500 employees and add 16 to 17 employees per month. He said his company is growing 20 percent a year. For him, the primary challenges of hiring are determining the necessary behavioral characteristics and identifying qualified candidates.

Lee Sardella, Corporate Employment Manager of UPS, is involved in human resources and operations management. He said that he has been with UPS for 18 years and started out as a part-time employee delivering packages. UPS has more than 300,000 employees in 189 countries and 275,000 are based in the United States. Of the 120,000 employees hired last year, most were for part-time support positions such as mail sorting and loading and very few were for professional positions. His biggest challenge in hiring is the increased competition for available resources.

Stan Roux has been serving in a human resources generalist role at UPS for the past 5 years. He has been with the company for 11 years. Like Mr. Sardella, he began as a part-time employee. He considers securing and managing part-time staffing in the day-to-day operations the biggest challenge.

Carol Faubert is Director of Human Resources at the law firm of Powell, Goldstein, Frazer, and Murphy. The firm has 250 lawyers and 350 other personnel; 30 people were hired in the past year. The law offices are located in Atlanta, Georgia, and Washington, D.C. Ms. Faubert has been with this firm for 12 years and she is charged with all recruiting and development of associate attorneys, lateral attorneys, staff, and paraprofessionals. She pointed out that law firms are unlike many other companies in that there is horizontal management.

Styleen Hasbrouck has only been with Scientific Atlanta, Inc. for 6 months and is their Non-exempt Employment Coordinator.

The Role of Human Resources. Mr. Sardella talked about the reengineering policy at UPS and how it is linked to the corporate philosophy to be more competitive and flexible. UPS is currently researching the human resources role —whether to continue to be in the employment business or to outsource this function and focus exclusively on its core business, which is moving merchandise around the world. If the company decides to continue to recruit, screen, and hire, then it will automate the labor- and paper-intensive process and use new technology (e.g., advertise positions on Internet). Mr. Sardella indicated that UPS is using a lot of contingent labor while researching the issue. He maintained that this is an exciting time for the company as it contemplates change.

He said, "Human resources is now in transition. You've got the traditional activities we have been involved in--administration, recordkeeping, the employment piece... but we now are becoming strategic players in the long-range planning of the company. We are being involved in discussions on where we're going and how can we get our people to be motivated to help us achieve the goals we are setting 10 years out."

At Scientific Atlanta recruiting is done by staffing, which then passes responsibility for selecting from a pool of potential candidates on to human resources. Ms. Hasbrouck structures letters of offer and verifies background and education information.

Human resources is a part of the strategic planning process at Powell, Goldstein, Frazer, and Murphy. As a result of changes in the workforce in the 1990s, the law firm hired a diversity consultant. The consultant spends 5 hours with all personnel in groups of 10; Ms. Faubert emphasized the large financial and time commitment the firm has invested in this area: "We are preparing the existing environment for the year 2000, which is to be comprised of people of different cultures."

Mr. Humphries indicated that human resources has been a part of the strategic plan at GTE since 1986, when reengineering took place.

The Corporate Culture. Mr. Humphries emphasized the importance of identifying qualified candidates who also possess "a good work ethic." He remarked, "There is a great need for computer skills but a lack of people adequately trained." He said that GTE Customer Networks is just starting to focus on the behavioral area in identifying skills and attributes required for a particular position. He mentioned the objectivity issue; the person writing the job description and doing the hiring frequently requests behavior he or she desires, but not necessarily what the job requires. He commented that different positions require different behavioral characteristics. Whereas an administrative position might require a non-challenging, mild, non-responsive person, a sales position requires someone who is focused, functions well in the absence of direct supervision, but operates well within the company culture. He indicated that GTE's corporate culture is expressed in a bulleted list of items.

UPS is examining motivational factors in an effort to retain its workforce. The company is looking beyond what its people are doing during a given day and assessing whether they fit into the corporate culture. As Mr. Sardella pointed out, "The work is physically demanding, the hours that we have are not the best--they are mostly late at night or early in the morning, and part-time shifts. We really have to look at motivation and need. People have to have a financial need driving them or else they're not going to show up at midnight and load and unload 100-pound packages. Are they going to be willing to deal with a warehouse environment, hot in the summer and cold in the winter? We have to tap into potential. Our company has been based on the concept of promotion from within...So when we hire people part-time, we are looking beyond what they can do for us today. We need to be able to predict whether they are going to be able to fit within the corporate culture. Is their work ethic, behavior, and personality going to be consistent with what we need and want?" The corporate philosophy embraces the opportunity for promotion from within and both Mr. Sardella and Mr. Roux are examples of this.

According to Ms. Hasbrouck, specific technical skills are more important attributes to Scientific Atlanta than are behavioral characteristics. She indicated that Scientific Atlanta has a diverse workforce that includes people with different kinds of personalities. Some like working in groups and others prefer to spend all their time alone on their computers.

Powell, Goldstein, Frazer, and Murphy hired consultants to advise them on identifying the behavioral characteristics they seek in new employees. The firm attempted to identify positive behavioral attributes in current employees and screen (via interview) for such traits in potential new hires.

Testing. Participants expressed concern about testing in light of current ADA requirements. Ms. Faubert said they were fortunate to have 10 labor lawyers who examine the tests they prepare to make sure they are absent particular biases. Communication and computer skills testing is administered to candidates for secretarial positions. Such testing is conducted early in the hiring process. If the candidate does not pass, he or she is eliminated from candidacy. The firm runs a criminal background check immediately prior to extending an offer.

Mr. Sardella said UPS' testing is required to meet Department of Transportation driving regulations. The road tests assess the person's driving skills but do not predict behavior. Formal tests are given to professionals to predict their behavior and decision making processes, and to assess whether such behaviors are consistent with the company culture.

According to Mr. Humphries, GTE Customer Networks is currently reassessing the value of the psychological testing that it conducts. He described a style analysis that is a PC-based tool of 15 to 20 questions. Situations are presented and the respondent identifies the action he or she deems most important. The test results indicate the person's style--whether he or she is driven by people, work pressure, etc.

At Scientific Atlanta professional testing is done for vice president and salesperson candidates.

According to Ms. Faubert, "I think there is no such thing as the perfect applicant, nor is there a huge pool of qualified candidates. It is necessary to assess whether candidates can be trained. Because companies have broken the sacred bonds and laid people off back in the 1980s, people have a fear of venturing into the unknown and they are staying where they are. Companies will have to work at rebuilding loyalty."

Mr. Sardella commented that qualified candidates are in the driver's seat: "There are a lot of compromises and sacrifices that the companies are making because of the scarce resources and tremendous competition for the available resources." He recommended, "If you have someone who really wants to work for your company that you feel has the potential to fit within your culture, you've got to take a risk and take that person on board and see if you can develop him or her along the way."

Training. According to Mr. Roux, training depends on other factors such as timing. UPS prefers to hire pretrained people but will train them if necessary. If a candidate possesses all the other criteria, UPS will provide and pay for training.

Mr. Sardella noted, "The skills of yesterday may be obsolete tomorrow and therefore it is imperative to train people to keep them up to date. In-house training and allowing people to take courses and offering tuition reimbursement are all part of doing business and it's a responsibility employers have if they are going to compete."

Mr. Humphries said that GTE wants to hire people who will be productive. When necessary, they offer lower levels of compensation but provide on-the-job training.

Recruiting. At UPS recruiting methods vary for different positions and different geographic locations. The corporate office maintains the *Resumix* system for tracking resumes. They use several sources for filling positions. They contact technical schools and job fairs, run classified ads, and use existing information systems networks.

Ms. Faubert mentioned the burden placed on human resources because of the ADA requirements. She advised, "Always have the supervisor review the job description to make sure that it is current and includes the technical and physical requirements of the job." Their paralegals come primarily from a paralegal institute in Atlanta; for the D.C. office, candidates are trained in a similar institute. The firm is hiring fewer secretaries as a result of the integration of technology into the lives of its employees. Whereas the older attorneys think word processing should be done by the secretaries, the new attorneys tend to be computer literate and type as quickly as their assistants. Ms. Faubert said that it is hard to recruit legal secretaries because they want to work exclusively for one or two attorneys and, in her firm, they must work for three or four.

At Powell, Goldstein, Frazer, and Murphy, human resources does not use Internet for recruiting. The firm uses consultants and run newspaper ads. Attorneys go to college campuses to interview. Interviews are conducted by those responsible for the new hire.

At Scientific Atlanta there is a heavy volume of recruiting--mostly for technical people such as engineers. The firm uses in-house posting and recruit from agencies and newspaper ads. They also maintain an employee incentive program.

GTE uses in-house posting, job fairs, ads, industry publications, and, occasionally, headhunters. Two to four managers conduct the first interview, then meet to identify candidates who will return for a second interview.

Screening and Interviewing. According to Ms. Hasbrouck, Scientific Atlanta has an extensive screening process. The firm enters data on candidates into job banks and resume banks. Candidates are screened by telephone before they are invited in for an interview. It is not uncommon for seven to nine managers to conduct an interview; this process may last up to 2 days.

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At UPS, individuals identified through in-house posting as qualified candidates undergo the same review process as other candidates. At GTE every job is posted unless management has determined otherwise.

The employee hiring process at UPS includes a reference and criminal background check, a tour of the facility, and an opportunity for the job candidate to ask questions.

Hiring Decision. At GTE and Scientific Atlanta, hiring is done by managers. Offer letters are issued to external candidates as well as current employees who are changing jobs.

At UPS hiring decisions are made by human resources and, for the most part, offers are delivered verbally. Candidates typically undergo one interview, although there are second interviews for senior level positions. UPS is attempting to streamline the process to avoid unnecessary paperwork.

Mr. Sardella stressed the importance of the final hiring decision being made by a UPS employee and not through automated technology. He said UPS had been contacted by firms wanting to automate the entire process but he does not feel this will identify the "best" people, i.e., individuals who will fit well into the UPS corporate culture.

Mr. Humphries agreed that the hiring decision is best left to a human. At GTE this decision is made by the individual (financially) responsible for that position. Mr. Humphries is interested in training the managers in the hiring process. Since they are so busy with other responsibilities, he plans to provide them with the fewest possible questions to ask to determine if the person is well qualified and well suited to do the job.

At Powell, Goldstein, Frazer, and Murphy, hiring decisions are made by human resources with significant input from the partners, who are represented on the hiring committee.

Orientation. A new hire at UPS participates in a 6-hour orientation and then begins work. For senior-level positions, however, the orientation may last up to 3 weeks.

At Powell, Goldstein, Frazer, and Murphy, lawyers spend the first 3 days with human resources. They learn about the history of the firm and familiarize themselves with its culture. Support staff undergo 2 days of orientation. Afterwards, all new employees are assigned a mentor.

At Scientific Atlanta there is a 1 day orientation followed by a mentoring period.

Role of the Department of Labor. Participants were asked about the use of public service agencies. Mr. Sardella noted, "The Department of Labor has helped us tremendously. In most areas we partner with them in the initial screening of the applicants. All of the jobs are posted with the offices. We have a standing order with all the job service offices for our big hubs and distribution facilities; they try to get applicants that meet our requirements and in many cases prescreen them for us and then send them on to us for interviewing. We work very closely with them and with a high degree of success." Mr. Roux added, "In some areas we actually conduct our interviews at the Department of Labor job service office."

Mr. Humphries said that GTE has not used the Department of Labor job service office but might use them to identify candidates for clerical positions. GTE uses temporary agencies for technical employees and then frequently hires them.

Powell, Goldstein, Frazer, and Murphy uses the local office of the Department of Labor for staffing. They place ads in the Employment Services databank; candidates are screened through the job bank, and those who meet the requirements are sent to the firm for an interview.

Ms. Hasbrouck said that Scientific Atlanta does not customarily use the Department of Labor because of the technical skills required for their positions. They do use the Department of Labor for nonexempt referrals. She added, however, that it is typical for support positions to be filled through temporary services agencies.

Contingent Labor. The expression "temporary to permanent" was used and prompted much debate. Most participants felt it was dangerous to use the term "permanent" in today's workplace and suggested using the term "full-time" instead.

UPS uses a lot of temporary workers but very few graduate into full-time status. In an effort to outsource some of its non-core business, UPS may give this function to a vendor to handle. For now, the contingent workers are on the payroll of temporary agencies.

Powell, Goldstein, Frazer, and Murphy uses temporaries for 2 to 3 months and then assess the potential for workers to become full-time employees. The firm's offer letters specify hourly or weekly salary but not annual salary, and indicate that the person was hired for specific duties, but adding that "the needs of the client may require work in other areas." This disclaimer is used to avoid breach of contract claims.

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GTE recently hired a manager of hiring and staffing to manage the outsourcing. Mr. Humphries indicated that the positive aspect of outsourcing is the transfer of liability outside the firm.

Flexibility. Other alternatives such as job sharing and flextime were discussed. Ms. Faubert indicated that many of the young lawyers have different criteria for success and happiness than the "babyboomers (who) wanted to make lots of money and were willing to work long hours." She explained, "Job sharing started with us 4 years ago and I have to say there was a lot of skepticism and people thinking that this just wasn't going to work. We have about five cases of paralegals and legal secretaries job sharing and it is working. "We just have to match the people," she noted, "that's the trick. A lot of applicants have asked about this option. In the past when the young attorneys came through, their questions were always about the partnership track--'How many years before I become a partner?' Now it's 'What are your policies for flexibility and work schedules?' and so it's become very important."

UPS tries to be flexible and tailor the hours and days to employee needs. The company sees this as critical to motivate and retain talented people since money no longer appears to be the key motivator

GTE also focuses on flexibility and offers options such as 80 hours in 9 days and a long weekend every other week.

Reengineering. Participants were asked if they had used teaming groups on a formal basis for hiring. UPS indicated they did not. GTE said these groups were used on an informal basis for very key positions.

Self-directed work teams are used at UPS. The drivers like less supervision. The results have been outstanding.

Mr Humphries commented that reengineering means decision making is pushed to the lowest level. He cautioned that the company needs to better communicate to these new decision-makers that they are authorized to make mistakes.

Mr. Sardella summarized the reengineering philosophy at UPS, and this probably summarizes reengineering at all companies. "As a company, we are trying to reinvent ourselves right about now. We are trying to figure out how we can deliver more with less and still provide high quality service to our customers. But we want to do it at a lower cost. We are really looking at all the processes."

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DOL EMPLOYER FORUM II
AUGUST 1, 1995

The second DOL Employer Forum Focus Group Meeting was held from 2 p.m. to 4 p.m. at the Omni Hotel at CNN Center in Atlanta, Georgia. Participants included:

- Susan Arnold, Territory Manager and Barbara Dunn, Vice President of Human Resources for MSI
- John Hager, Corporate Personnel Manager, Georgia Gulf Corporation
- William Silvers, General Manager, Atlanta Broom Co., Inc.
- David Spain, Controller/Office Manager, Atlanta Broom Co., Inc.
- Jacquelyn Whitehead, Director of Human Resources, H.J. Russell and Company

Kristin Wolff of Social Policy Research Associates explained that her firm and Research and Evaluation Associates had been selected by the U.S. Department of Labor, Employment and Training Administration, to study how private sector firms recruit and hire new employees and to identify what emerging practices are being used by firms to meet their human resource needs.

Trends in Hiring Practices. Ms. Wolff explained that the study includes three phases: (1) a review of academic and professional management/human resources literature, (2) telephone interviews with informed observers at the national level and in specific labor markets, and (3) focus group meetings with selected employers to discuss hiring practices in three major U.S. labor markets. She identified four emerging trends noted in the literature review:

- The increase in worker involvement as a result of reengineering the workforce.
- The shift toward seeking employees who have attitudes consistent with the corporate culture addition to necessary skills.
- The use of new technology by firms and job-seekers and its effect on screening.
- The increased use of contingent labor.

Ms. Wolff said that 35 percent of firms have already implemented some kind of reengineering and that contingent labor includes both professional and support staff hired on an interim basis. She indicated that industry experts predict that 60 percent of the workforce will be contingent labor by the end of the century.

Rose Cooper of Research and Evaluation Associates served as facilitator of the meeting. She asked each participant to give a brief introduction, including name, firm, and industry represented; position, length of time in that position, and role in hiring process; size of workforce and number of employees hired in last year; and key changes affecting the hiring process. Participants were also asked to complete forms that were distributed. Copies of these forms are included in Appendix A.

Focus Group Participants. Bill Silvers is the General Manager of Atlanta Broom Co., Inc. The company distributes paper and plastic products. It employs 62 individuals, 15 of whom were hired during the past year. Mr. Silvers has been the General Manager for 15 years. According to him, affirmative action, ADA, and sexual harassment requirements have changed hiring practices limiting, for example, the kinds of questions he can ask in an interview. He identified the primary challenges as identifying and recruiting people who have experience, personality, communication skills, and can successfully pass the drug screen.

David Spain, Controller/Office Manager of Atlanta Broom Co., concurred, noting that the biggest challenge is finding the right person for each job.

John Hager is Corporate Personnel Manager of Georgia Gulf Corporation. The firm manufactures chemicals, and maintains a staff of 1,000 employees, 80 of whom were hired during the past year. He indicated that hiring procedures are now more complex, noting that the biggest challenge is attracting qualified candidates. He commented that as a result of reengineering there are now more self-directed work teams at Georgia Gulf. Such teams have increased the importance of "personality fit" as a criteria for hiring in new employees.

Jacquelyn Whitehead is the Human Resources Director of H.J. Russell and Company. The company handles construction, property management, and construction management. There are 400 employees, 60 of whom were hired in the past year. She indicated that separate companies were merged during last year's reengineering and that the biggest challenge is identifying proper "personality fit" between recruits and the numerous divisions that have different management styles.

Barbara Dunn is the Vice President of Human Resources at MSI, a temporary help and employment agency. The firm places temporary health workers, physicians, and clerical staff. She has held this position for 9 years. MSI has 20,000 temporary workers on its current roster, and 250 full-time staff members. MSI has hired 10,000 temporary workers in the past year. The firm's biggest challenges include (1) identifying people with the skills, talents, aptitudes, and work ethic to fill the numerous openings they have and (2) providing technical training for the average worker. She added that, because of today's relatively low unemployment rate, it is difficult to find competent mid-level executives to fill employer demands.

Susan Arnold is Territory Manager of MSI. Previously she was the company's Operations Manager, hiring temporary workers and matching them to work assignments. She is now in sales and helps hire sales staff. She pointed out the increasing importance of providing computer skills training to workers. She perceived the following to be the biggest challenges: (1) finding flexible people, (2) finding people who want to learn new skills, and (3) finding people who strike a balance between technical and interpersonal skills.

Ms. Cooper asked the participants if their companies were currently experiencing growth and all indicated that they were.

The Role of Human Resources. There is no human resources division at the Atlanta Broom Company. Mr. Silvers hires management and sales staff, Mr. Spain hires office and clerical staff, and the warehouse manager hires warehouse staff.

Mr. Hager indicated that the role of human resources has changed in the past few years. Currently the human resources division at Georgia Gulf is a major player in the continuous improvement process. He noted that Georgia Gulf's human resource procedures have become more complex as a result of efforts to avoid lawsuits and enforce compliance with ADA laws and with policies against sexual harassment.

Ms. Whitehead said the importance of the human resource function has been increasing at H. J. Russell as a result of reengineering. Assignments are constantly being added to her position but no staff has been added. Recently added responsibilities include writing the corporate newsletter and monitoring benefits.

Ms. Dunn indicated that there was no human resources division at MSI 10 years ago and now that division has numerous responsibilities including exit interviews, testing, benefits, salaries, and corporate communications.

When asked if they outsource any particular function, Mr. Hager said Georgia Gulf outsources benefits and payroll. Mr. Silvers said Atlanta Broom outsources payroll and profit sharing plans.

Skills, Attitudes, and Attributes. Ms. Dunn commented on the increasing demand for technical skills. "The biggest change in the last few years is the change in the workforce and the requirements of our clients in terms of technology. A receptionist is no longer someone who just sits at the desk and answers the phones. We expect that person to know word processing and Lotus spreadsheets and several other software packages and be able to work on a spreadsheet while answering 2 or 3 lines on the phone."

Mr. Hager emphasized the importance of striking a balance between skills and behavioral attributes. He described a company, for which he worked previously, that scored applicants on core competencies such as customer satisfaction and initiative but did not test for skills such as Lotus knowledge.

Mr. Silvers seeks leadership and interpersonal skills in employees. He sees the company as a family and he wants people who can be team players. Experience, background, previous employer recommendations, appearance, and verbal communication skills are factors in hiring new employees.

According to Ms. Arnold, MSI is most concerned with the "chameleon" concept. Because assignments are temporary, the company wants people who are extremely flexible and can blend right in to any new environment. The MSI corporate office examines resumes of temporary workers for skills and sorts the resumes accordingly. Resumes are then checked to identify candidates with customer-oriented and service-industry backgrounds.

In addition to requisite skills, Ms. Whitehead spoke of the importance of "personality match" in new employees. Sometimes there must be a "personality fit" not only with H. J. Russell and Company but also with another company if they are involved in a joint venture. She tries to draw the candidate out in the interview: "Most people read the self-help books on how to interview and so I have to try to go beyond the standard questions to get them to talk more. I frequently ask negative type questions such as 'What was your worst job evaluation and why?'"

Testing. At MSI, temporary workers are given a Comprehensive Personality Profile test. They are also tested for skills: the breakdown of scores (i.e., intermediate or advanced word processing skills) is critical for making assignments. For sales staff, MSI uses a test called Preview and scores for character traits. They have developed a profile from the top sales people and they compare candidates' scores to their own list of desirable traits.

Office personnel are tested for skills at Georgia Gulf, although the lack of particular skills is not a knockout factor and training is frequently provided to high quality candidates.

The office manager at H. J. Russell and Company sends candidates out to a temporary agency for testing as part of the interview process. The test serves as a filter.

Training. MSI provides ongoing computer software training to temporary workers. Full-time operations and sales staff are given one week of training. In addition, some employees are invited to take an in-house management assessment battery that is offered twice a year.

Atlanta Broom provides extensive training for new staff in the sales area, though they only hire people with previous relevant sales experience.

At Georgia Gulf, candidates are tested for specific skills. According to Mr. Hager, "Training is really emphasized after they are hired. It's better to train a good person who doesn't have the skills. If the job changes and you're now going from Lotus to Quattro Pro, we'll send the person to school for that. The use of training to retain people who are considered good workers has increased in the past 10 years." The philosophy is that it is better to train existing staff since it increases their sense of loyalty. Sometimes people are given on-the-job training and some are sent to schools or other training facilities.

H. J. Russell sends employees out for training courses and also provides internal training through development courses that are open to all employees. According to Ms. Whitehead, "If we have a good personality fit, we'll provide training." Care is taken to make sure that the people doing the work are the ones who receive training. Courses cover such diverse topics as business English, finance, and program management.

Recruiting. MSI uses recruiters. Although this costs a lot of money, they have found that running newspaper ads generates too many resumes and too few qualified candidates; and the results from job fairs have also been mediocre. Referrals are the most successful method of recruiting, and referral bonuses are given after the new person works 40 hours. The firm has developed a home page on the Internet and the company lists contingency jobs there.

Mr. Hager indicated that time and money determine the recruiting methods. If the hiring manager wants, he/she runs ads in specialized publications or targets technical organizations and associations. He said that Georgia Gulf tries to limit use of executive search firms to hiring at the vice president level. In his previous experience with Georgia Pacific, the company started its own temporary agency, and supplied more than 100 temporary workers to the firm's many divisions. Internal postings were used so that the temporary workers had the first opportunity to apply for new positions.

H. J. Russell has established relationships with schools and teachers and collects referrals for entry-level jobs. Employee and client referrals are used to identify a pool of candidates to fill mid-management jobs. Sometimes, as a result of the firm's proactive recruiting policy, workers are hired away from other companies. Occasionally, H.J. Russell uses recruiters, but this practice is limited to senior-level positions. When necessary, the company uses a recruiting firm that specializes in construction and construction management.

Atlanta Broom relies on unsolicited resumes and has not had to post a job for many years.

Screening and Interviewing. At Georgia Gulf, resumes are screened by the hiring manager, after which Human Resources conducts initial interviews with potential candidates. According to Mr. Hager, the firm practices "strategic interviewing." He asks questions designed to reveal personal attributes, such as "What did you get satisfaction from?" He seeks to learn about candidates' demonstrated past performance. Typically, candidates are recommended to the hiring team. Mr. Hager tries to standardize the information obtained from the hiring managers in order to facilitate a comparison. He then brings the hiring managers together to compare the candidate's responses and to identify the candidate to which an offer will be made.

At MSI, candidates are screened through phone interviews to assess their communication skills and experience. Based on the results, a pool of candidates is invited for interviews. Only one or two are invited in for a second interview and a meeting with a manager. Consensus meetings take place regarding the hiring decision itself; then a meeting takes place during which the hiring managers reach a consensus on which candidates will be offered positions.

According to Ms. Whitehead, even though the minimum requirements for positions at H. J. Russell are clearly listed, only 15 percent of the applicants qualify. Managers grade applicants 1 to 10 and then determine who to bring in for interviews.

Participants commented that burdensome Federal regulations hamper the interview process.

Hiring Decision. Ms. Dunn indicated that MSI uses peer interviews to ensure a "personality fit." The philosophy is that the person who does the job can recognize appropriate candidates.

Mr. Hager mentioned the use of hiring teams which include employees from multiple divisions within the firm and representatives from human resources. He recommended striking a balance —between participation and efficiency —getting too many people involved in the process slows it down, and in essence, someone has to be the hiring manager.

Ms. Dunn commented that MSI is hiring many middle-aged people for staff positions. She explained that the younger people are difficult to retain, whereas the older people are interested in staying, are willing to be trained, and tend to be loyal.

Several participants mentioned problems with background checks because they are limited in the questions they can ask as well as those to which they can respond. They felt they could not always rely on objectivity of the phone references. According to Ms. Silvers, "You can no longer depend on telephone follow ups to references. [People] won't tell you the truth."

Atlanta Broom uses drug testing.

At Georgia Gulf drug and background checks are completed after the initial job offer is made.

MSI has a nationwide contract for drug testing and background checks.

H.J. Russell and Company does background checks after offers are made.

Probation and Orientation. Atlanta Broom Company gives employees and employers time to see if there is a good fit between them. Sales staff members are given 6 months to generate sales. Drivers are given 90 days probation, and office staff, 60 days. Employees typically stay with the company from 5 to 40 years.

Because of legal issues. Georgia Gulf does not have a probation period. New employees undergo an orientation through human resources, a tour of the facilities, and learn about the union.

H.J. Russell has a 6-month probation period for all levels. MSI has no probation period but, according to Ms. Dunn, individuals in sales know within 90 days if they will be successful in the long term.

Contingent Labor. H.J. Russell hires finance staff as temporary workers and then offers them benefits. Ms. Whitehead indicated that two temporary workers were recently hired for full-time positions.

Atlanta Broom Company has a policy against the use of temporary agencies; management believes employers can find their own people. However, during emergencies, the firm uses temporary workers as drivers.

Georgia Gulf hires temporary workers to fill both professional and support staff positions.

Participants indicated that, in their experience, temporary employees work in their offices and are supervised by their employers, but remain "leased" in that they are paid by the employment agencies. There was speculation on whether there will be Department of Labor or Internal Revenue Service regulations on the use of contractors in the future.

Ms. Dunn said that they had 300 temporary workers at MSI and that MSI provides benefits when the temporary workers meet certain criteria. She said this was an easy way for the company to add staff because temporary workers can be brought in when workflow increases and then sent away when workflow decreases. She added that the use of temporary employees also provides an opportunity to see if there is a match - the "try before you buy" philosophy. She cautioned all to use the term "temporary to full-time position" instead of "temporary to permanent position."

There was a discussion of the relationship between temporary workers and full-time employees in the workplace. Ms. Dunn said that temporary workers complain of not getting good treatment. She pointed out that the use of temporary workers does not eliminate corporate liability. She said there is co-employer liability because the employer is responsible for such issues as sexual harassment, OSHA guidelines, etc.

Flexibility. Job flexibility was discussed. As an example of corporate flexibility. Mr. Silvers described the relaxed dress code instituted at Atlanta Broom several weeks ago to make employees feel more comfortable in the work environment.

Other alternatives such as job sharing and flextime were discussed.

Both MSI and Georgia Gulf offer job sharing and flextime work schedules.

Role of the Department of Labor. The human resource managers at this focus group meeting explained that they were trying to find qualified potential employees. but they felt that the public agencies were more interested in sending out as many unemployed people as possible. All participants felt that the Georgia Department of Labor could do a better job screening applicants. They said the agency calls ahead to find out the job requirements but then recommend candidates who do not possess the requisite skills.

Ms. Dunn indicated that MSI has not had luck with Department of Labor job placements. "Maybe they don't understand what we're asking for. Maybe the people we are talking to don't have the technical expertise to understand that when we say we need somebody with the following skills, they need to know what those skills are and that if they send us somebody with a different set of skills it's not going to work out."

Ms. Dunn also suggested that the public agencies need to provide the necessary training to make the candidates employable. "We have got to do a better job getting our people technologically and educationally prepared to do the jobs that we have out there. The manufacturing jobs and light industrial jobs are going away. We need technical people who have competencies that are not being supplied by the high schools - or the colleges, to a large extent. And we need training programs for these people who are not employable because they do not have the job skills so that we can get them employed...The jobs are out there but the people aren't ready for them and the schools and colleges aren't doing a good enough job. Maybe the people coming out of the schools aren't willing to look at what they have to do to prepare themselves. They don't want to do the homework, they don't want to take the hard courses and they think they can go out there and get a good job after goofing off."

While critical of the service provided by the Atlanta office, she said that they have a very good working relationship with the Department of Labor in Chattanooga.

Tennessee. They receive resumes of candidates with relevant skills and also they are given a room to use at the Job Services office for interviews.

John Hager indicated that the managers have gone to the Georgia Department of Labor but they discontinued this practice because of dissatisfaction with the calibre of candidates The Department of Labor sent. In contrast, he described the successful relationship with the Department of Labor in a small town in Mississippi. "We have a plant in Mississippi and it's just working wonderfully. The community sat down and listened to us and talked about getting the community college involved. We set up a plant in the community college and are teaching people basic skills; we take 80 people and end up hiring 40 of them. We start with the Department of Labor school and then our screening system. There we have a personal relationship with the Department of Labor."

DOL EMPLOYER FORUM III
AUGUST 8, 1995

The third DOL Employer Forum Focus Group Meeting was held from 9 a.m. to 11 a.m. at the Omni Ambassador East Hotel in Chicago, Illinois. Participants included:

- Diane Dal Corobbo, Executive Assistant, Maginnis and Associates
- Joan O'Sullivan, Junior VP for Maginnis and Associates
- Tamara L. Baloun, VP/Manager, First Chicago Corporation
- James Parker, Director Employment Services, ServiceMaster
- Judy Williams, Director for People and Diversity Planning, ServiceMaster

Kristin Wolff of Social Policy Research Associates explained that her firm and Research and Evaluation Associates had been selected by the U.S. Department of Labor, Employment and Training Administration, to study how private sector firms recruit and hire new employees and to identify what emerging practices are being used by firms to meet their human resource needs.

Trends in Hiring Practices. Ms. Wolff explained that the study includes three phases: (1) a review of academic and professional management/human resources literature, (2) telephone interviews with informed observers at the national level and in specific labor markets, and (3) focus group meetings with selected employers to discuss hiring practices in three major U.S. labor markets. She identified four emerging trends noted in the literature review:

- The increase in worker involvement as a result of reengineering the workforce.
- The shift toward seeking employees who have attitudes consistent with the corporate culture in addition to necessary skills.
- The use of new technology by firms and job-seekers and its effect on screening.
- The increased use of contingent labor.

Martha Russell representing Social Policy Research Associates served as facilitator of the meeting. She asked each participant to give a brief introduction, including name, firm, and industry represented; position, length of time in that position, and role in hiring process; size of workforce and number of employees hired in last year; and challenges affecting the hiring process. Participants were also asked to complete forms that were distributed.

Focus Group Participants. Joan O'Sullivan, Senior Vice President of Maginnis and Associates, said that her company is a third party administrator of insurance, primarily for health care associations. The company is a part of Kirk Van Orsdale, another third party administrator in Des Moines, Iowa, which purchased Maginnis in 1993. There are a total of 1,400 employees, 80 of whom work for Maginnis. Maginnis has been in Chicago for 42 years. In the past year Ms. O'Sullivan hired 10-15 employees for the Chicago area and she expects the number to be the same for this year. She indicated that more people have been hired since the acquisition took place.

According to Ms. O'Sullivan, the primary challenge is "employee mindset--hiring the person who shares your same business philosophy and brings to the job the motivation you hope that person will consistently show. I think that is the biggest challenge, regardless of what position you are hiring for, whether it is a receptionist or the CEO in the company, someone who really shares your company's mission." Ms. O'Sullivan has been with Maginnis for 21 years. She indicated that people are mobile today, and that the average length of employment at Maginnis is 8 years. With unemployment at 2 percent and Des Moines being the second largest insurance area, she noted that in her business, "it is an employee's market."

Diane Dal Corobbo is an Executive Assistant at Maginnis and handles hands-on human resources work. She is responsible for orientation of new employees and the administration of performance reviews and salary negotiation. The official human resources department is in the headquarters in Des Moines, where payroll, performance evaluations, and salary information are maintained. For her the biggest challenge is "keeping people who are good in the positions...They are frequently the people who tend to go after more money and new positions since they want to get ahead."

James Parker is Director of Employment Services for ServiceMaster Management Services. The firm has two divisions: franchise group customer services, and management services. His division includes environmental, housekeeping, engineering, and food processing services and health care and educational facilities. ServiceMaster is the largest company in this line of work and Mr. Parker has been with them for 10 years. According to him, human resource activities include advertising, drug testing, screening, and interviews. In 1994, when they were split up by geographic regions, he hired 500 to 600 managers, not including service partners. However, the human resources function was centralized in January as a part of the reengineering process. The turnover rate is 10 percent or less; and there has been double digit growth for the past 24 years; he expects to hire even more people in 1995. The challenge is identifying people "with a service heart and attitude and drawing that out." He said he has three recruiters working for him.

Tamara Baloun, Vice President/Manager, is responsible for non-exempt hiring and development services for the First Chicago Corporation. She was originally hired as an educator to build a program of basic skills. There are 18,000 employees in the Chicago operation and her office hired 1,800 non-exempt people last year, not counting First Card and American National Banks. They have already hired 1,100 this year but they are now merging with National Bank of Detroit. As a result, there are currently 177 openings versus the 240 that existed before.

Ms. Baloun said, "We are experiencing a hiring [frost], not a hiring freeze. We are looking carefully at who we are hiring and we are looking down the pike. We don't want to hire people and then have to lay them off. If we have an opening for clerical staff, we will be hiring a temp. The biggest challenge this year is hiring in a full employment economy. There aren't a lot of people looking for work who are skilled to do the job. In the city of Chicago our problem is finding people who have the qualifications to do the work. In the suburbs we are having trouble finding people who need a job."

Ms. Baloun explained that a lot of the jobs at the bank are part-time, turnover is high, and the last of the three shifts (in production) is difficult to staff. Last year the First Chicago Corporation hired a consultant to help reorganize the branches. He noted that there were too many people working at the wrong times and he recommended hiring peak and part time staff in the branches. According to Ms. Baloun, it has been difficult to fill the positions and most candidates who submitted resumes were not qualified for the positions. Clerical staff include tellers, clerks, secretaries, mail room staff, security guards, and entry-level accountants (not MBAs).

Judy Williams, Director for People and Diversity Planning at ServiceMaster, is responsible for corporate hires. The headquarters is in Downers Grove, Illinois. She has been with ServiceMaster for only 6 months. She looks for professional and support staff for the corporate staff, which includes 700 employees. She is responsible for affirmative action, mentoring, training, minority vendor programs, and all services. ServiceMaster has 40,000 employees not counting service partners, (which, if included, bring the total to 250,000). The company reorganized recently and managers were moved from the field to corporate headquarters. In addition, 30 people were hired last year and 50 have already been hired this year. The volume of new hires is due to the startup of new business that will need support. The biggest challenge in corporate HR is looking for high level managerial persons. ServiceMaster is the leader in the industry, and seeks highly qualified workers. On the diversity side, the challenge is looking at how to develop relationships with organizations and marketing ServiceMaster in ways which draw a diverse pool of applicants.

Skills, Attitudes, and Attributes. According to Mr. Parker, ServiceMaster wants "people with high ethics and morals... When you are representing ServiceMaster as a manager, and you make a promise that something is going to be done, then you make sure that you do it."

To understand what they look for in a candidate for a position, Ms. Williams outlined the four corporate objectives at ServiceMaster:

- Honor God in all that you do.
- Help people develop.
- Pursue excellence.
- Grow profitably.

She explained that the company was founded in the 1940s by a Christian businessman and the first objective is interpreted to mean that all people are created in the image of God and should be treated fairly and equitably. Both she and Mr. Parker acknowledged that this objective has implications in hiring and has caused some people to refuse to interview with the company. On the other hand, the mission statement has resulted in the development of a clear and effectual corporate culture.

At Maginnis, employees need good diction, patience, and must be organized and able to access the computer comfortably while on the telephone. Because the firm is service oriented and maintains a diverse client base, Maginnis seeks people who are sensitive and empathic. According to Ms. O'Sullivan, clients usually call because they are being sued or need major medical insurance, not because they want to give their new address. Employees stay on the phone most of the day and must be pleasant. When screening candidates, customer service background is of primary importance to Maginnis. Experience in the insurance industry is a secondary consideration; Maginnis is willing to provide the latter. Some positions require a certain education level or professional liability background. Desired attitudes and attributes depend on the office and its client base. For example, the Maginnis office in Bethesda, Maryland serves the National Association of Retired Federal Employees. The average age of these customers is 70 years. As a result, during the interview process human resources attempts to find out about the candidate's relationship with grandparents or involvement with senior citizens.

Candidates for employment at First Chicago Corporation must have good communication skills, patience, and a customer service orientation, the same skills as are needed at Maginnis. According to Ms. Baloun, "One thing that is important for most of these jobs is the incredible fast pace that a corporation like ours has and the deadlines constantly that have to be met. We are probing for that in our interview process."

Human Resources Function. First Chicago Corporation outsources a portion of its human resources function. It contracts with temporary agencies for certain categories of employees and managers. At First Chicago, employees oversee service contracts because rates are negotiated annually. As a result of its recent corporate reengineering, the bank has concluded that staff with different skills are needed in some departments. According to Ms. Baloun, financial pressures and demands for increasingly specialized skill sets are driving the changes in procedures.

Ms. O'Sullivan indicated that human resources functions are now handled primarily in the Des Moines headquarters. She said that human resources now plays a larger role in the company's strategic planning. The company believes in promotion from within; up and coming people are identified, and there is sophisticated succession planning.

According to Ms. Williams, time, not cost, is the critical factor at ServiceMaster. The company must "deliver people on demand and needs to get things set up quickly." Mr. Parker indicated that his group is doing more with less and they are looking at resume scanning systems so that staffing can be accomplished faster. While acknowledging that such programs are costly, he praised their ability to scan and artificially read resumes, assemble applications, and store employee files on disk and make them accessible by fax. *Resumix* will facilitate the output of ads; candidates will respond to fax numbers, and resumes can be sent nationwide by electronic mail. He added that applicant tracking will be simplified thereby expediting responses to the Department of Labor on reporting issues. He said they outsource to a local company for specialized searches because it is cheaper than running ads and screening all the resumes.

Ms. Baloun said they use *Restrac*, which is the biggest competitor of *Resumix*. She said she will soon be piloting a program called *Kiosk*; applications will go onto *Kiosk* and then into *Restrac*. She indicated that First Chicago outsources the initial screening function to a local company. First the questions to be asked and the "knockout" responses are determined. Then the company places an ad in the paper and candidates call and respond to an automated telephone screen; appropriate resumes are then faxed to the bank. There is a charge of approximately $1.50 for each resume forwarded. Ms. Baloun commented that she wished this function had been outsourced when a notice inserted in checking account statements generated thousands of applications.

Ms. O'Sullivan and Ms. Dal Corobbo said that they thought that either *Resumix* or *Restrac* should be used in the Des Moines headquarters and that would be most useful for higher level positions.

Testing. ServiceMaster uses the Management Perceiver, which is a behaviorally based interview. There are 10 managerial traits that the firm has identified as necessary. Certified proctors administer the test, usually by telephone; it takes from 30-60 minutes to complete. This testing instrument was developed by the Selection Research Institute in Lincoln, Nebraska based on earlier models developed by Gallup Polls. Mr. Parker indicated that ServiceMaster may need to reevaluate the Management Perceiver in 1996 because they are now looking for a different kind of manager and a higher level of professionalism and entrepreneurship.

At First Chicago Corporation they do not currently test at all because of the potential legal challenges. Ms. Baloun indicated that there is interest in implementing testing *if* it can be validated so as to avoid lawsuits and *if* the testing costs are less than turnover costs.

Testing--primarily clerical testing for computer skills--has been outsourced at Maginnis for the past 10 to 12 years. The company will begin using the Predictive Index behavioral test in the fall, administering the test internally. The personality preference test has been used in the Des Moines office for 9 months. Ms. O'Sullivan indicated that the testing instrument is one page with a list of the same words in two columns. In the first column candidates pick words that other people would use to describe them and in the second column they pick words that they would use to describe themselves.

The Meyers-Briggs, DISC, and Personal Profile Survey tests were also mentioned. There was discussion among the participants about using behavioral tests in the hiring process and the issue of whether a corporate mindset is legal grounds for turning down an applicant. Some participants felt that tests were good for promotion decisions but not hiring ones and that personality preferences should not be used for pigeonholing candidates. Ms. Williams commented that instead of denying a person a position based on the test results, employees should be trained in team building and taught to work with different personality styles.

Training. Ms. Russell asked if any training is provided to the hiring managers who are doing the interviewing. Participants commented that hiring managers are so concerned about *not* asking the wrong questions that they don't necessarily know the right questions to ask. They need help.

Ms. Williams explained: "At corporate we are going to try to be more aggressive about how we train our managers. Our managers come into ServiceMaster through the Management Academy, a 2-week corporate training program. Training includes the human resources procedures, and job responsibilities. What we are now trying to do is supplement that with some additional training, at least quarterly. We now have teams of people services —human resources people —we call our people 'services' because we believe in our people and they are first. We have 'people services' teams aligned to various business segments and they are also putting training programs together." Mr. Parker added that they are preparing a training manual for the off-site managers. The manual will include such topics as ADA requirements, sample ads, do's and don't's, and prescreening procedures. He indicated that they try to identify candidates with the requirements managers have identified as necessary and send the managers information about two or three candidates, including interpretation of the perceiver instrument.

Ms. Baloun said they have a managerial supervisory service college where 120 hours of training are provided over a year for which DePaul University awards 20 credits. She said that the corporate office also provides supervisory training.

Recruiting. Ms. Williams indicated that ServiceMaster uses the usual recruiting sources —local colleges, the State Department of Employment Security, organizations for the disabled, the Hispanic Chamber of Commerce, the Asian Chamber of

Commerce, the Urban League, regional job fairs, the NAACP, and other minority associations. She said that they do not get the return they would like but they still use these sources. They also use on-line services (the Internet) to post positions. They also run ads in specialized publications targeted to diverse groups and use a number of search firms.

Mr. Parker said his human resource staff participate in job fairs, particularly job fairs at military bases because they are free and the potential applicants are of high quality. Staff also post service partner vacancies at the public service agencies in the geographic areas of the job opening. They also have open houses and sponsor mini job fairs where they are the only company and there is no competition. To recruit technical people, such as repair persons for CAT scans, they use agencies with whom they have negotiated a reduced fee.

Ms. O'Sullivan said, "We typically use employment agencies, contacts, newspapers, but occasionally have gone to some of the high schools, junior colleges, secretarial schools, and local universities. We have gone there and recruited . . . We haven't used public agencies. We use private placement agencies and they are like a department of our company now. They know our policies and procedures. Any time there's a change in our manual, they get a copy as well. They know everybody because they've placed them here and they keep in touch with employees they've placed here."

She added that at Maginnis there is also a lot of recruiting within the department and through internal network. There is a lot of promotion from within. One account executive, for example, started as a customer service representative; another started as an underwriter.

Ms Baloun explained recruiting procedures at the First Chicago Corporation: "We have to post jobs with the Veterans Agency. Also when the Illinois Department of Employment Security has a job fair, we always participate. The bank is committed to the City of Chicago and we like to support it. It's hard to get qualified applicants coming off of public aid. They don't have the experience, and they don't have the skills.. Many of them dropped out of school and although we do not have a requirement for a high school diploma, they were shortchanged socially, economically, and educationally, and they need catching up." She added, "We use agencies that provide training such as the Spanish Coalition for Jobs. We don't go to private

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employment agencies because they cost money. We're building relationships. We're talking to the high schools, community colleges, saying these are the skills we need, these are the kinds of jobs we have, and . . . these are the openings we are looking to fill . . . Another thing we're looking at is this: I have a contract with four temporary agencies. We do about 4.5 million dollars of business a year with agencies that provide temporary workers for clerical jobs. We hire a number of those, but we don't pay any fees. That's our deal, but we are talking to them about the option of sourcing...For example, Manpower has skillware and proof operator skillware; we hire people who have been through their training. And we also put our own people through their training. We pay for the training if they are our employees." She estimated that less than 10 percent of the temporary workers become full-time employees of the bank. She indicated that they use on-line listings for recruiting systems people.

Maginnis, ServiceMaster, and the First Chicago Corporation all use the internal network and pay employees for referrals.

Screening Process. The screening process at ServiceMaster is extensive and managerial candidates can be eliminated at any step along the way. According to Ms. Williams, there could be 7 or 8 interviews for a position at the corporate level. First is the telephone prescreen in which the candidate is questioned on areas such as education, goals, salary, and attitude towards relocation. Five candidates are usually identified from the prescreen. Next is the Management Perceiver test. Then the names go into the talent bank. Next is the technical interview where a candidate might need to demonstrate a biomedical or engineering background. This can be a face-to-face or a video interview. Mr. Parker explained that he always wants to see the person's professional image and how a person communicates. Then there might be a follow-up telephone interview. This all takes place before any candidate's files are given to the hiring managers. Depending on the position, human resources might be involved in the next round of interviews. Interviews for the service partners are slightly different but still are based on behavior.

Participants discussed falsification of resumes, especially education. One told the story of a candidate who indicated he had an MBA from one of the top ten schools, because that was a requirement for that position. He got through screening and the initial interview and when he met with the hiring manager he said that he had lied on his resume; nevertheless, he was hired for the job.

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Hiring Decision. Hiring decisions are made by hiring managers at ServiceMaster and First Chicago Corporation and Maginnis. At Maginnis, the human resources department gives salary guidelines and managers need approval to go beyond the indicated salary range.

Maginnis uses an agency for testing and background checks and is comfortable with this arrangement.

Role of the Department of Labor. First Chicago Corporation and ServiceMaster both recruit from public service agencies. A discussion of the candidates provided by these agencies ensued. Participants agreed that the public services vary by state. Some are supportive and responsive and others require reminder phone calls.

Contingent Labor. Participants were asked if they used contract workers.

ServiceMaster does not use them in the corporate office. Mr. Parker said he uses them for startup services on large contracts. He mentioned that they frequently use retirees and other hard-to-employ workers and pay them a per diem according to a predetermined contractual arrangement.

Maginnis uses contract people such as outside consultants for systems and management consultants.

The First Chicago Corporation has outsourced many of its human resource functions, and finance. The company has also outsourced messengers, and building maintenance.

DOL EMPLOYER FORUM IV
AUGUST 8, 1995

The fourth DOL Employer Forum Focus Group Meeting was held from 2 p.m. to 4 p.m. at the Omni Ambassador East Hotel in Chicago, Illinois. Participants included:

- Susan Hornell, Recruiting Specialist, Stone Container Corporation
- Paul E. Rickabaugh, Vice President of Human Resources, Haggerty Enterprises, Inc.
- Frank Thomas, Human Resources Manager, SAFCO Corporation
- Deborah Wijnberg, Manager of Staffing and Recruitment, The Quaker Oats Company

Kristin Wolff of Social Policy Research Associates explained that her firm and Research and Evaluation Associates had been selected by the U.S. Department of Labor, Employment and Training Administration, to study how private sector firms recruit and hire new employees and to identify what emerging practices are being used by firms to meet their human resource needs.

Trends in Hiring Practices. Ms. Wolff explained that the study includes three phases: (1) a review of academic and professional management/human resources literature, (2) telephone interviews with informed observers at the national level and in specific labor markets, and (3) focus group meetings with selected employers to discuss hiring practices in three major U.S. labor markets. She identified four emerging trends noted in the literature review:

- The increase in worker involvement as a result of reengineering the workforce.
- The shift toward seeking employees who have attitudes consistent with the corporate culture in addition to necessary skills.
- The use of new technology by firms and job-seekers and its effect on screening.
- The increased use of contingent labor.

Martha Russell, representing Social Policy Research Associates, served as facilitator of the meeting. She asked each participant to give a brief introduction, including name, firm, and industry represented; position, length of time in that position, and role in hiring process; size of workforce and number of employees hired in last year; and challenges affecting the hiring process. Participants were also asked to complete forms that were distributed.

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Focus Group Participants. Paul Rickabaugh is the Vice President of Human Resources at Haggerty Enterprises. He indicated that he has been a human resource generalist for the past few years. Haggerty Enterprises is a family-owned private company that manufactures lava lamps and other gift items and reached sales of 30 million dollars last year. According to Mr. Rickabaugh, there was no human resources (HR) person before he joined the company. The firm employs a total of 170 people; last year Mr. Rickabaugh hired 20 exempt and 40 production staff, (non-exempt). His challenges include hiring supervisors who can manage a diverse workforce and finding people with quality engineering skills. The company is experiencing 35 percent growth per year and will soon need to relocate to larger facilities.

Deborah Wijnberg is the Manager of Staffing and Recruitment at Quaker Oats, a consumer packaged goods company. She has been in human resources for 11 years and has held her current position for 4 years. Last year she hired 100 people, and she said that in the past few years the company has been hiring fewer than ever before. There are currently 16,000 employees. A national internal posting was recently instituted and external recruiting was reduced. Ms. Wijnberg was originally hired for campus recruiting and now handles exempt level staffing for the corporate group. The company has experienced two reengineering initiatives in the past 18 months and has just completed a study of contingency searches and costs. Her biggest challenges include (1) hiring while the company is going through reengineering, (2) reducing costs associated with contingency and retained searches, and (3) "managing the escalating cost of hiring recently minted MBAs —not the money associated with the activities around campus recruiting, but how much it costs to bring them in the door —what . . . they feel they deserve, what . . . they think they are worth."

Susan Hornell is a Recruiting Specialist at the corporate office of Stone Container Corporation. The company produces paper and paper packaging and has 28,000 employees: 500 are in the corporate office. She has been with the company for 2 years, hired 140 people last year, and has already hired that number for this year. Her primary challenges are (1) finding quality technical people for management information systems positions and retaining them and (2) reducing the costs of recruiting and creative sourcing. She is looking into automation and use of technology such as *Restrac* and the Internet but has concluded that the latter is best for companies doing national recruiting.

Frank Thomas is the human resources person with SAFCO, a privately held telecommunications company. SAFCO manufactures direct current adapter plugs and converters. Items are manufactured offshore and assembled in Chicago. Telecommunications at SAFCO include both hardware and software divisions. Mr. Thomas described the human resource challenges of recognizing the diverse needs of both groups and also attracting and retaining good technical people: "When I started, there were 150 people in both divisions and now there are 300. One division, however, has 125 assemblers coming in at minimum wage, $4.25. The other division has electrical engineers and computer scientists coming in at $40,000 and up . . . Since we're one corporation, the challenge is that we have to recognize two distinct methods of sourcing and control that because it's still under one umbrella. Also, the things that attract the $4.25 group are quite unlike the things that attract the $40,000 group."

Skills, Attitudes, and Attributes. When asked what skills and behavioral traits are required for different positions, participants commented that the hiring managers often do not know what they want and frequently prepare ambiguous job descriptions. All participants agreed that human resource professionals must know how to extract information by asking the right questions. Participants talked about the value of creating a job profile in advance of recruiting and defining the capabilities needed. According to Ms. Wijnberg, the necessary skills for non-exempt support staff are easy to identify whereas skills for technical staff vary by field and discipline. In addition to having hard core skills, support staff must be team players because of the degree to which teamwork is embedded in the Quaker Oats culture. Beyond the technical skills in various disciplines, she summarized the desired traits for exempt staff: "We are looking at teamwork capabilities, leadership, oral and written communication skills, strategic capabilities, the ability to take an ambiguous assignment and create some framework around it and run with it."

Mr. Thomas said a job requisition is completed for each position and is given to the hiring manager to make sure that the description is current and accurate. He hired over 100 employees last year and has hired 50 employees already this year.

Mr. Rickabaugh said there is a low volume of hiring at his company, but that such hiring is targeted at specific candidates. He usually sits down with his boss to make sure he knows what he is being asked to find and then he screens candidates by phone. In one case where he couldn't get a precise job description from anyone in his company, he contacted a colleague elsewhere for help in identifying the needed traits and contacts.

Ms. Hornell said that she frequently learns about job requirements from talking to the employee who is leaving. She finds that this person can provide insight into the necessary traits and job responsibilities beyond what the hiring manager has indicated.

in strategic planning. They feel that human resources is increasing in importance and new technology is increasingly available to expedite paperwork procedures. In the future, they foresee senior management taking an interest in "quality of work" issues such as job share, family leave, and flexible scheduling.

Participants commented that there is a negative stereotype of the human resource generalist as more interested in organizational management than in staffing. The participants do not see themselves this way; instead they see themselves as supportive team members. They find that HR is increasing in relative importance with regard to other organizational functions. Human Resource professionals must strike a balance between appearing participatory and seeming intrusive.

Ms. Wijnberg summarized the human resource philosophy of the focus group participants towards their companies: "We are much more service-oriented, much more client-oriented and supportive. We're here to partner with you. You need to help us to understand what your needs are and in return we want to be at the table with you when you're making the decision." She indicated that at Quaker Oats, human resources goals parallel the corporate business objectives. Whereas it was fragmented, they are now becoming centralized.

Recruiting. Haggerty Enterprises uses traditional methods of recruiting. Mr. Rickabaugh explained, "I do a lot of networking, I try to participate in outplacement groups, use on-line career tools, and volunteer with networking groups in the suburbs for engineers, accountants, scientists, CPAs, and others, and that has been very successful. I run ads in the paper and maintain contacts with other human resource people. I find that those who are job searching use a lot of the on-line searches and outplacement groups."

According to Mr. Thomas, SAFCO relies on family ties in the assembly area, and job postings are more effective than ads. They also go to campuses and recruit and sometimes they hire interns. Because they have to compete with firms such as Motorola, they also run large display ads in the *Chicago Tribune* and advertise on Internet. The agency he uses for advertising offers on-line connections to the World Wide Web; the company uses this for recruiting engineers. He indicated that the *Tribune* also puts its ads on-line for a small fee.

When talking about on-line job services, participants noted that most candidates aged 18 to 25 seem to have Internet skills and include Internet addresses in their resumes.

Ms. Hornell described recruiting methods at Stone Container Corporation: "We have good contacts with all the local schools. I don't do much on-campus recruiting because our

Ms. Hornell described recruiting methods at Stone Container Corporation: "We have good contacts with all the local schools. I don't do much on-campus recruiting because our entry-level is pretty minimal, but when I need a staff accountant, for instance, I go to the local universities and they send me resumes right away. I go to secretarial schools, but internal posting and promotions are something we do first . . . I've put together open houses for the information systems people and at one open house we had five hires. We prescreened people on the phones so that we didn't get all entry-level people and then we called back and invited some. It's a great way to create a backfile for the future. I do 75 percent of my work from the backfile." She has also had success with specialized job fairs but she said that it is very difficult to recruit management information systems people because there aren't enough qualified ones.

Quaker Oats does campus recruiting, advertising, uses search firms, and participates in national minority professional conferences. Ms. Wijnberg said, "I'm looking at the regional job fairs in Atlanta, Chicago, and elsewhere since we have facilities all over the country. Even though I hate job fairs, I'm looking at them as a way to reduce costs. If I have three facilities in the Southeast and they have needs for engineers and there's this job fair, it's still going to cost less to have two people go, man a booth, and do some on-site quick assessment, than to put out $6,000 for an ad in the *Tribune* or to hire a contingency search firm to do it on my behalf."

Employee referrals are very successful at both Stone Container and Quaker Oats. After a probation period, a bonus is paid to the employee who recommended the new person.

None of the companies represented currently operate an automated resume retrieval system but Quaker Oats is looking into *Restrac* for screening resumes.

Testing. SAFCO uses the Wonderlic test and has for some time. However, many candidates are hired who do not score well on the test but have the necessary technical skills. To save on paperwork, SAFCO does not use applications and instead has candidates sign release forms that can be used for reference checks.

Quaker Oats and Stone Container test only for administrative support skills.

Training. To attract technical people, Stone Container Corporation has set up a training program. "As technical as every business is getting, there just aren't enough qualified people. We are creating quite a successful training program for fresh graduates of DePaul University Computer Career Program. They must have a BA or BS prior to entering this 9-month years of work experience already and they bring a little maturity to the job and it's an intense, intense program."

Screening and Interviewing. At Quaker Oats the human resources generalist defines the critical applicant qualifications and experience and then tells the search firm what is required or initiates a company-directed search. There is typically an initial phone screen and review of resumes. In some cases, on-campus interviews serve as a screening device. Ms. Wijnberg's involvement depends on the job opening. In some cases, she does on-campus recruiting. The role of human resources depends on the skills of the hiring manager in assessing talent. For example, for management information systems positions, parameters are clear; therefore, resumes are sent directly to the hiring manager who reviews and screens candidates by phone. For more general positions she screens candidates.

Mr. Thomas identifies important attributes, develops an interview itinerary and sends interview evaluation forms to the hiring team. Such forms contain 12 elements, including creativity, technical skills, and communication skills. The hiring managers rate candidates on these elements and hold a consensus meeting to make a decision. He noted that he provides the candidates with information about the company, but beyond that he is not involved in the interview process.

Ms. Hornell prescreens technical candidates for salary, previous employment history, and job stability, and then turns resumes over to the hiring manager.

Mr. Rickabaugh screens resumes and passes four to five candidates on to the hiring manager. The two usually reach a consensus before making an offer.

All participants talked about placing responsibility and a sense of ownership on the hiring manager who has the opening and insuring that this person knows how to assess potential candidates. Focus group participants felt that most hiring managers say "I already know how to interview" and are not interested in training, but in fact they *do* need training. Ms. Hornell indicated that she had provided corporate training on legality issues but only informal training on interview techniques.

Mr. Rickabaugh said that he provides informal training to hiring managers on legal issues of what they can and cannot ask during an interview.

Quaker Oats has formal corporate training in interviewing skills.

There was discussion of job mobility and how this affects consideration of an applicant. Ms. Hornell said that her hiring managers seek job stability and she would not call someone who had only two years of experience at each place of employment. She said the learning curve on the manufacturing process at Stone Container Corporation is one year. Mr. Thomas remarked that management information systems people change jobs frequently, so he looks at skill sets more than stability and leaves the decision to the hiring manager.

One participant commented that engineers tend to be very analytical and take a long time to make a hiring decision. Frequently, by the time they make their decision, the candidate is no longer available.

Ms. Hornell asked participants if they were seeing instances of resume fraud. Several indicated that they were finding more and more discrepancies than in the past. They related instances of uncovering fraudulent education and work experience. Mr. Rickabaugh said that he tells all candidates that he will personally be checking their references. Mr. Thomas outsources the reference check.

Role of the Department of Labor. Ms. Hornell said she received only two resumes in the past 6 months from the Department of Labor and has had more contact with other private agencies and volunteer associations.

Mr. Thomas has had contact with the Department of Labor through the Immigration and Naturalization Service. He said that SAFCO runs trade ads and does not seem to get too many responses but that the responses are from qualified people.

Haggerty Enterprises puts job orders at the Department of Labor, posting there for both exempt and non-exempt positions. Mr. Rickabaugh indicated that he does not get qualified people for exempt positions and has not had much success with the Department of Employment Security in general. He is more successful in his relationships with other agencies and networking groups. He mentioned resources such as the Jewish Vocational Services, The Evanston Network, and The Barrington group.

Contingent Labor. Quaker Oats had used long-term contingent workers for its coupon redemption center, but the center is now outsourced. The firm uses contingent labor for seasonal products like oatmeal and Gatorade. According to Ms. Wijnberg, this arrangement works fine for unskilled labor. They also hire temporary workers for secretarial positions, but they would like to outsource this as well.

SAFCO tries to keep the labor force compressed and use temporary workers only for part-time positions. He described the problem of temporary staff staying on indefinitely. "Managers need another body, even if only for 4 hours a day of work. I try to promote part-time temporary work . . . They hire these temps and 3 months later they're still there . . . and they say 'Now that I've got this extra set of hands, look at how much more work I can do, what does it take to make them permanent?' The use of contingent labor needs to be controlled."

Haggerty Enterprises uses temporary workers as a screening device because they have trouble recruiting qualified people for low-level accounting positions such as billing clerks and sales marketing people.

Participants discussed hiring temporary workers for full-time positions and Mr. Thomas indicated that the personalities changed and there was more absenteeism once the people became full-time employees. SAFCO negotiated with a temporary agency for a 60 day temporary assignment followed by a no fee change to full-time status.

Ms. Hornell asked about the effect of contingent labor on employee resources. Two participants mentioned frustration and professional jealousies that arose between the contingent workers and full-time employees.

Flexibility. Different types of job flexibility were discussed.

SAFCO is looking into telecommuting. Quaker Oats employs some high level staff through telecommuting and indicated that it is working well.

Stone Container Corporation currently maintains flextime only for MIS staff but all employees can make a formal request.

Ms. Wijnberg said that at Quaker Oats hiring managers are supposed to indicate on the new posting sheet if the position is full-time, part-time, or available for job sharing. She said they currently have job sharing programs in which people work 3 days a week so that they overlap on one day; both get benefits. Frequently separate projects are assigned to each person so that both have a sense of ownership. She explained that the company did not have to recruit externally for these positions since current managerial (particularly women) professionals had requested job sharing so they could divide their time between home and work.

program and uses relocation services. However, she said that spousal assistance does not start until the candidate accepts the job and she is finding that candidates frequently turn down jobs because they are unable to relocate.

DOL EMPLOYER FORUM V
AUGUST 10, 1995

The fifth DOL Employer Forum Focus Group Meeting was held from 9 a.m. to 11 a.m. at the Homewood Suites in Dallas, Texas. Participants included:

- Tom Potraza, Management Employment Manager, J.C. Penney Company
- Sharon Saunders, Manager of Employment Service, J.C. Penney Company
- Kathy Curley, Training Director, Management Alliance Corporation
- Pat Fender, Vice President, Management Alliance Corporation

Kristin Wolff of Social Policy Research Associates explained that her company and Research and Evaluation Associates had been selected by the U.S. Department of Labor, Employment and Training Administration, to study how private sector firms recruit and hire new employees and to identify what emerging practices are being used by firms to meet their human resource needs.

Trends in Hiring Practices. Ms. Wolff explained that the study includes three phases: (1) a review of academic and professional management/human resources literature, (2) telephone interviews with informed observers at the national level and in specific labor markets, and (3) focus group meetings with selected employers to discuss hiring practices in three major U.S. labor markets. She identified four emerging trends noted in the literature review.

- The increase in worker involvement as a result of reengineering the workforce.
- The shift toward seeking employees who have attitudes consistent with the corporate culture in addition to necessary skills.
- The use of new technology by firms and job-seekers and its effect on screening.
- The increased use of contingent labor.

Martha Russell, representing Social Policy Research Associates, served as facilitator of the meeting. She asked each participant to give a brief introduction, including name, firm, and industry represented; position, length of time in that position, and role in hiring process; size of workforce and number of employees hired in last year; and challenges affecting the hiring process. Participants were also asked to complete forms that were distributed.

Focus Group Participants. Kathy Curley is the Training Director at Management Alliance Corporation, a recruitment and placement firm that has 260 full-time staff and hired more than 400 employees (including temporary employees) in the past year. Her biggest challenge is finding candidates with the skills and ability to work in a fast-paced environment. She has been with the company for 15 years.

Pat Fender, Vice President of the Dallas District Operations Division, has been with Management Alliance Corporation for 17 years. She commented that employers are now looking for specialists, not generalists. Whereas in the past they sought college graduates, they are now seeking candidates with business experience. Her biggest challenges are (1) finding candidates with the technical skill sets clients demand and (2) educating candidates and employers about the fast pace of the current market. According to her, "Many companies are missing out on really talented candidates because of the length of their hiring process. Candidates now have two or three offers--especially in the technical areas --to choose from."

Sharon Saunders is Manager of Employment Services at J.C. Penney and has been with the company for 31 years. She said there are 4300 associates in the home office and 190,000 nationwide. J.C. Penney employees are called "associates" because the corporate culture requires that "we don't work for, we work with." Ms. Saunders manages employment for administrative, clerical, college relations, and temporary staffing. She hired 550 employees last year. The company relocated to Dallas, Texas from New York in 1988 and hired 1200 people during the next 12 months. Her biggest challenge is to supply diverse candidates in specialized areas.

Tom Potraza is Employment Manager at J.C. Penney and joined the company during its relocation. He said that promotion and retention are part of the company culture. His background is in recruiting; he currently assists departments in identifying candidates from within, and sources of new hires.

Human Resources Function. There was no human resources department at Management Alliance Corporation when Ms. Curley and Ms. Fender began working there. Demand increased for specialists who knew the legal hiring issues and recognition of this need drove the formation of the human resources department. Human resources at the corporate level handles matters such as legal issues, employee counseling, employee assistance programs, and sexual harassment issues.

Human resources has always existed at J.C. Penney but it has recently taken on new responsibilities. The major changes in the human resources function have been the decentralization of management policies and procedures, the use of technology, encouragement of managers to take ownership of the hiring process, and the administration of new programs and policies to support such changes. As an example of new programs, human resources now administers "worklife" programs such as daycare centers.

Skills, Attitudes, and Attributes. The recruiters at Management Alliance Corporation do not need a background in a special industry or even recruiting experience. They need strong oral and written communication skills, a high energy level, a good sense of humor, and the ability to work in a team environment. According to Ms. Fender, they must be organized, flexible, self-motivated, and have strong sales and marketing *abilities* though not necessarily *experience*. They must also be persistent.

At J.C. Penney the focus is on customer service, teamwork, and flexibility. Candidates do not need merchandising degrees, though the number of such retail programs is increasing. Mr. Potraza indicated that J.C. Penney hires two kinds of people: the generalist and the specialist. The general management professional will typically move through the ranks of store management and the retail side and "might have the opportunity to become chairman of the company someday because virtually all senior executives started out as management trainees. This person may come from any background or education and has people interactive skills and cares about the customer and good service . . . On the other side is the person we need to do a specific job and we hope has the same attributes and feels that the customer is important —and this person has a vocation, a specialty, and is educated and trained to do a specific task, whether it's illustrate licensed character art or write copy for catalogs or buy packaging." He pointed out that the generalists tend to stay with the company and move into senior management, but the specialists tend to not stay as long. Management characteristics are more important than a specialty. Mr. Potraza noted that "a good buyer can go from buying shoes to buying furniture."

Screening Process. Mr. Potraza commented that human resources at their company may seem old fashioned in that the staff still read resumes and make initial screening decisions. He said there are many people who want to move from one store to another: human resources maintains a database generated from recommendations from the stores, distribution centers, and catalog stores, and screens for skills. In addition, he said, "The posting program lets people screen themselves." There is limited screening face to face and sometimes the resume review is followed by a teleconference. Human resources staff rely on the recommendations of managers. According to Ms. Saunders, "We trust in our store managers and district managers when they say someone is promotable and they are rated highly. There is no interview. We just make an offer." The hiring manager makes the final decision.

At Management Alliance Corporation, the initial screening is done by telephone and then candidates are scheduled to come in for interviews. There might be two to three interviews in order to assure a match of personalities with the team. Communication skills are critical since most of the work is done by telephone. For candidates to fill positions in client offices, there are usually two interviews. The first is to assess the skills and education, and the second is more subjective and seeks to identify the candidate's preferred work environment, management style, and personality, to ensure a "good" fit. Since the company is looking for team players, hobbies such as playing on sports teams are looked upon favorably. If the candidate is local, there is a face-to-face interview, but for technical professionals (sought nationwide), this interview may be conducted by phone. The company has done video interviews on campuses. When hiring sales staff, Management Alliance frequently tests a person's sales abilities by calling in a manager and telling the candidate to "convince the manager to hire you." Sometimes the interview is held in the middle of the agency while recruiters are working so that the candidate can be introduced to the noisy work environment. There is a lot of promotion from within. "Almost all of the management team was developed through the ranks," Ms. Fender said.

Retention is also important at J.C. Penney. "We try to determine if the person really wants to be in the retail industry —their motivation," said Ms. Saunders. Mr. Potraza added, "We look for their motivation, predictors of success, longevity, commitment, and confidence in their skills and the ability to communicate and interact technically and socially...We look for lawyers who don't talk like lawyers . . . Essentially someone you'd like working on your team."

Testing. At J.C. Penney, testing is done at all administrative levels, and written tests are given to copy writers. The skills tests are given internally as the first screen. An Employment Inventory questionnaire is used to help determine if the person is likely to remain with the company for a while.

At Management Alliance Corporation an inventory test is given to determine "sales ability, trainability, and high energy." Ms. Fender described the targeted selection process: "We have a grid on our application. If we are trying to find out if they are goal oriented, we ask 'can you give us an example of an action you took to achieve a goal? And, 'what were the results?' so that it's verifiable. If asked to describe their strengths, most people will say they're goal oriented. This way they are bringing things from their past experience to demonstrate their skills."

Ms. Saunders added that their "certified" interview does this. Three people conduct the interview, ask a specific set of questions, and then they have a consensus meeting.

Training. Managers at J.C. Penney have received training in developing questions they should ask as part of the certified interview process. Training in interviewing has not been formalized, but there are management development courses on communication skills.

Management Alliance Corporation also operates a management development program. All managers receive training in conducting interviews. The company also provides training for its clients on a fee-for-service basis.

One participant commented that "you cannot assume that managers are good interviewers." All agreed that interviewers must focus on receiving not transmitting information.

Recruiting. Ms. Saunders said that J.C. Penney had a difficult time securing qualified candidates when the home office was in New York. They ran ads, used temporary agencies, and it was frequently 60 days before they found a qualified person. Therefore, they created a sourcing group. This group networks and identifies potential sources of good candidates. She explained that cost is a factor and the company does not want to undertake costly searches or use recruiters. They primarily recruit at college campuses for full-time candidates; currently they have 600 trainees.

Mr. Potraza added that J.C. Penney's first tries to identify candidates from within the company using internal postings. HR professionals then network to determine areas in which certain specialist professionals tend to cluster and undertake a planned search. They identify the names of associations and newsletters; they use the *Wall Street Journal*, maintain a home page on the Internet, and post on bulletin boards at college campuses. They see Internet as a source for the future for information systems and data processing professionals, but other positions open and close quickly. The company does not want to be faced with the processing of numerous belated responses.

Ms. Curley indicated that Meeting Alliance has an advantage over most companies in hiring its staff because the company can look at its own pool of applicants. She said that she is always on the lookout for good candidates. Whenever she finds a good salesperson in a store, for example, she gives that person her business card.

Ms. Fender said she is trying to recruit for the best candidates, but she is finding that the best people already have jobs and often do not respond to the ads. She networks and maintains an extensive database of candidates. Her recruiters refer to specialized industry lists and network to find key people. Part of the job description of each recruiter is to recommend one person per month. They also advertise on Internet and maintain a web site.

A discussion ensued on the current practice of employees changing jobs frequently. Despite this practice, J.C. Penney still seeks longevity and has a mentor program to help new employees understand and acclimate to the company's corporate culture.

Hiring Decision. At Management Alliance Corporation the hiring decision is made at another level by the agency manager. The 35 nationwide offices have their own hiring teams. In the first interview Ms. Fender or Ms. Curley decide where candidates will best fit and then they set up a second interview and then potentially a third. Sometimes the agency manager runs an ad. Sometimes the client company comes into their office for the interview and then the subsequent interview is at the client's office.

The J.C. Penney District Personnel Officer determines the personality fit and makes the hiring decisions for J.C. Penney's district stores. Ms. Saunders and Mr. Potraza may prescreen, but the manager needs to be involved at some point. Whether the position is in marketing research, electronic publishing, or law, the manager is needed for the technical knowledge. "We rely on the managers to take a short list of candidates and make the hard decision."

Role of the Department of Labor. Both companies were asked about their interaction with public employment agencies such as the Texas Employment Commission. Ms. Saunders said they use them as a source for candidates. Ms. Fender said they post there for clerical positions.

Contingent Labor. J.C. Penney uses temporary workers in the administrative area to complete short-term assignments. They also use freelancers for specialized positions such as audiovisual technicians and aerobics instructors. Only a small percentage of temporary assignments become full-time. They outsource functions such as building maintenance, cafeteria management, childcare centers, and mechanical engineering. They bring in professionals to run operations and currently are evaluating other kinds of outsourcing. They manage their catalog distribution centers themselves. When the company moved to Texas from New York, they set up outplacement services for low-level positions. They use more permanent part-time employees than temporary workers.

Management Alliance Corporation counsels and provides outplacement services to companies experiencing large layoffs. They also offer free community service seminars on how to write resumes. Management information systems people are under contract rather than full-time employees. Management Alliance Corporation does not outsource but does provide outsourcing to its clients.

Flexibility. The issue of job flexibility was raised. J.C. Penney has some employees who telecommute. Quality assurance and management information systems people work on flextime schedules and there are many part-time workers in the stores. There is no job sharing now but it was piloted in New York. Management Alliance Corporation uses flextime schedules for recruiters and is looking into the telecommuting.

New Technology. J. C. Penney Provides the placement offices of the top 100 colleges a computer diskette that provides a profile of the company. The company also has material available on CD-ROM. In addition to the new technology, they still have written brochures for distribution.

Management Alliance Corporation scans the resumes of technical candidates and has used several applications and canned packages for resume formats. They then developed their own program, which they currently use to manage resume information. This system has keyword search capability that virtually eliminates the manual file searches.

DOL EMPLOYER FORUM VI
AUGUST 10, 1995

The sixth DOL Employer Forum Focus Group Meeting was held from 2 p.m. to 4 p.m. at the Homewood Suites in Dallas, Texas. Participants included:

- Ellen Einsohn, Group Human Resources Director, Andrew Corporation
- Art De La Rosa, Human Resources Manager, First Company
- Sondra Whitmore, Administrator, Tarantula Corporation

Kristin Wolff of Social Policy Research Associates explained that her company and Research and Evaluation Associates had been selected by the U.S. Department of Labor, Employment and Training Administration, to study how private sector firms recruit and hire new employees and to identify what emerging practices are being used by firms to meet their human resource needs.

Trends in Hiring Practices. Wolff explained that the study includes three phases: (1) a review of academic and professional management/human resources literature, (2) telephone interviews with informed observers at the national level and in specific labor markets, and (3) focus group meetings with selected employers to discuss hiring practices in three major U.S. labor markets. She identified four emerging trends noted in the literature review:

- The increase in worker involvement as a result of reengineering the workforce
- The shift toward seeking employees who have attitudes consistent with the corporate culture in addition to necessary skills
- The use of new technology by firms and job-seekers and its effect on screening
- The increased use of contingent labor.

Martha Russell, representing Social Policy Research Associates, served as facilitator of the meeting. She asked each participant to give a brief introduction, including name, firm, and industry represented; position, length of time in that position, and role in hiring process; size of workforce and number of employees hired in last year; and challenges affecting the hiring process. Participants were also asked to complete forms that were distributed.

Focus Group Participants. Ms. Whitmore is Assistant to the President/Administrator of Tarantula Corporation, a holding company for Tarantula Mercantile Company. The firm runs an excursion steam train and also a freight railroad. She explained that the company is awaiting clearance for excursions to several destinations but bureaucratic railroad administrators are delaying the company's plans. The restaurant and gift shop were recently closed because of lack of business. The freight railroad is expanding and has prompted many new business opportunities. Tarantula is involved in the switching business and does not *haul* freight. Between 20 and 30 people are employed in the freight division and there are 20 full-time employees for the excursion train. According to Ms. Whitmore, the biggest challenge is "finding qualified staff with a good work ethic."

Mr. De La Rosa is in charge of human resources for the First Company, a 30-year-old company that manufactures blowers for central air conditioning systems. During the 16 years that he has been with the company, it has undergone 4 expansions. First Company employs between 300 and 400 people; Mr. De La Rosa described the firm as a small company with very little turnover. He said that the corporate philosophy is to control expenses and purchase very little on credit in order to stay competitive.

Ellen Einsohn is Group Human Resources Director for the communication systems group of the Andrew Corporation. This telecommunications company was founded in the 1930s, employs 3400 worldwide, and maintains its corporate headquarters near Chicago. Her group is comprised of 450 employees 350 in Dallas and 100 in other parts of the country —a few are overseas. She indicated that another 300 employees in the fields of local area networks and computer applications would soon be added to her group. Her group is diverse, dealing with both military and commercial business, and includes some manufacturing, but mostly engineering Most employees in her group are exempt, highly skilled professionals; other division within the company handle non-exempt hourly employees. She described the company's biggest challenges as follows: "We compete very heavily with other telecommunications companies here in the Dallas area . . . We are all pretty much fighting for the limited number of people that we can find and we are talking about recruiting out of state because, with the low unemployment rate here, we can't find the people that have the kind of talent we are looking for. The other challenge, on the military side, is finding more commercial applications for some of our products." She added that the company is growing and is trying to keep pace with technology.

Human Resources Function. Ms. Einsohn reports to the Vice President. She noted that human resources at Andrew Corporation is supposed to be more involved in strategic planning than in the past; However, she spends most of her time recruiting and dealing with employer relations issues and there is little time left for strategic planning. She indicated that compliance issues with regard to ADA, family leave, and immigration reform require an inordinate amount of her time and attention.

Mr. De La Rosa also expressed frustration about the amount of time spent justifying actions, handling audits, and avoiding lawsuits. He feels that human resources at First Company is seen as a necessary evil.

Ms. Whitmore handles multiple responsibilities from drawing up legal contracts, leasing properties, and analyzing coverage insurance coverage for the rail and excursion business. She indicated that she spends a significant amount of time documenting and managing claims. When there is an accident, there is an "incredible amount of recordkeeping required by the Federal Government."

As a result of time-consuming recordkeeping and disruptive audits and lawsuits, the consensus of all three participants was that companies are deemed guilty until they are proven innocent. They also expressed frustration at the myriad of bureaucratic procedures and regulations they are required to follow. They feel that the people drafting the regulations and legislation have little experience in the private sector and have no idea how burdensome these procedures are. They said they were speaking not only for themselves but for many business people who are exasperated at the millions of dollars they must spend "retrofitting their companies and sidewalks, tracking illegal immigrants, and training employees because the schools are graduating 'illiterates.' "We spend so much time trying to avoid being sued that there's little time to do the real work anymore."

Skills, Attitudes, and Attributes. The Tarantula Corporation seeks candidates who have a "strong work ethic." Candidates for entry-level positions must have good customer service skills and demonstrate dependability. Employees for the excursions must demonstrate good public relations skills and planning ability. Employees on the railroad must understand the mechanical requirements, regulations, and have prior experience with steam train operations.

According to Ms. Einsohn, there are very few entry-level jobs at the Andrew Corporation and there is no on-the-job training. Candidates must have the education or work-related skills sets when they apply. Andrew tries to hire people from similar industries such as other telecommunications firms, since they are seeking the same kind of engineering background. She encourages hiring managers to look at the *minimum* acceptable attributes. The crucial part is how the person will "fit with the corporate culture" and team environment, even if the person has the necessary technical skills. For the military business, Andrew tries to hire people military backgrounds or experience with other defense contractors. Clerical staff need word processing and administrative skills. Assemblers must have previous assembly experience.

First Company requires machine operators, forklift operators, and welding operators with previous experience but, according to Mr. De La Rosa, the company still has to provide a lot of training. First Company uses temporary agencies so it can train people *before* hiring them and thus ensure a "good match." Retention is a problem because wages are moderate; good people frequently leave.

Testing. Mr. De La Rosa indicated that no testing is done at the First Company. He explained, "There are too many traps in that. With all the Governmental regulations, you might have everything perfectly lined up, justified and everything, and you can still end up in court. And so our best test is to put them to work and if they don't work out, we let them go and we get somebody else . . . If you turn them down, they can sue you . . . We do reference checking, but even that is so restricted. You can call someone up and they'll say 'he worked for us from this point to that point' and they won't give out any more information . . . Everyone is so litigation conscious."

Ms. Einsohn said that she does not believe in testing for the same reason. She is concerned about the validity of the test, especially since her company was recently audited at an enormous expense.

Training. There is a full day orientation at the First Company. The manager goes over the rules with temporary workers before they begin working. When they become eligible, benefits are explained to the workers.

Both temporary workers and full-time employees at Andrew Corporation have the same orientation. All must adhere to Government rules, including watching worker safety videos.

Recruiting. The main source of recruiting at the First Company is the temporary service agencies. When there is a vacancy, Mr. De La Rosa places an open order and calls the 3 temporary agencies his company uses. Technical staff positions are filled by word of mouth or through newspaper ads.

Andrew Corporation uses traditional recruiting methods. They run ads only in local newspapers, not national ones, because they do not want to pay for relocation. They instituted an employee referral bonus plan this year; they also offer incentives such as free movie tickets if the person recommended gets an interview. They have not had much luck posting jobs with the other Andrew Corporation entities. They do not advertise much in trade journals because it takes too long to get responses after placing the ads. They do not use search firms because of the cost. They are looking into using a telephone program listed in the Dallas newspaper whereby candidates call in and responses are screened. They are also investigating using the Internet. Because they are a Government contractor, they also list all jobs with minority groups and the Urban League.

The Tarantula Corporation recruits for entry-level positions through high schools, colleges, newspaper ads, and temporary agencies. They rely on referrals for positions on the freight side of the business.

Interviewing and Hiring Process. At Tarantula Corporation, Ms. Whitmore screens candidates and conducts the initial interviews. Candidates are subsequently interviewed by one or two other people to assess their technical skills and their "fit" with corporate culture.

During the initial interview Mr. De La Rosa describes the corporate culture. Then the hiring manager interviews the candidate and gives the person a tour of the plant. The same procedure is followed with temporary workers as with direct hires. To set candidates at ease, he frequently conducts his interview in the kitchen area.

At the Andrew Corporation, human resources sees the candidate first and then the department managers interview, complete an interview rating form, and hold a consensus meeting.

Participants discussed procedures for exempt and non-exempt hiring. They felt that human resources should screen for lower level positions rather than requiring managers meet with all candidates. Ms. Einsohn identifies individuals who will conduct the interview; from 4 to 8 people may be involved in a team interview. It was noted, that engineers are not quick decision-makers and frequently candidates have taken another position by the time the hiring decision is made. Ms. Einsohn indicated that managers do not interview candidates often "only a couple of times a year." She said that human resources is increasingly proactive and plans to train managers on conducting interviews.

All three companies check references *after* the interviews are completed. They feel that it is a violation of privacy and a waste of time to do this earlier.

There was discussion of using new technology to scan or screen resumes. Ms. Einsohn said she does not accept unsolicited resumes since people are transient and cannot be located after 3 months. The corporate office, however, stores resumes and wants to track them. They are looking into resume scanning procedures, Internet, and computer bulletin boards. Her reaction is that resume scanning programs are valuable for large companies that accept unsolicited resumes and have several thousand employees.

Role of the Department of Labor. Candidates were asked if they used public service agencies. Ms. Whitmore said that her experiences with the Texas Employment Commission were "sad" and the people they sent had "poor standards."

Ms. Einsohn said that they list all jobs with the Commission regardless of level of pay, but "We have never once received a candidate from the Commission." She added that at her previous place of employment the Commission also did a terrible job and sent people with felony convictions for jobs as security guards. The Commission is the only public agency with whom they list.

Mr De La Rosa said that people sent to him through the Job Training Partnership Act (JTPA) have problems and frequently do not show up for work.

Contingent Labor. The First Company has been using temporary services for the past 12 years. Employees are currently retained as temporary for 2 years before they become full-time employees: 70% have gone from temporary to full time during the past 12 years. The company provides the temporary workers with all benefits except insurance and they get 401K profit sharing after 6 months. The company has negotiated rates with 3 temporary agencies. According to Mr. De La Rosa, the advantages are many. The temporary agencies absorb the costs of recruiting, training, and workers compensation and they serve as a screening tool. Much of the work at the First Company involves hot sheet metal and liability issues are a major reason for using temporary agencies.

According to Ms. Einsohn, the Andrew Corporation uses contract houses, which find the candidates and payroll them or else Andrew Corporation identifies the candidates and the contract house payrolls them. Andrew hires temporary workers as engineers, assemblers, secretaries, accountants, and independent consultants. Because of several years of layoffs on the military side, the company is now hiring more temporary workers and "can't find qualified people fast enough." Temporary workers, for the most part, are hired to replace people on extended sick leave or for long-term projects. Ms. Einsohn indicated that the use of temporary workers has increased during the past several years.

The Tarantula Corporation uses temporary workers in accounting and secretarial positions. The company has difficulty finding staff for excursion parties because of bonding issues; temporary agencies will not provide people to handle money and serve alcohol. The company also has trouble finding skilled labor such as certified boilermakers and frequently has to contract for them.

The Tarantula Corporation outsources specialized functions such as track work, signal work, and right of way maintenance. The First Company does not like to outsource because of confidentiality, but they have contracted a computer programmer and an accountant. The Andrew Corporation does no outsourcing.

A discussion of the use of temporaries ensued. Mr. De La Rosa commented that they are often unreliable but they are the only solution because of the low unemployment rate in the area. Ms. Einsohn said, "I'd rather have this problem [an unemployment rate under 5%] than when we had unemployment of 7% and we had our pick of all these wonderfully qualified people and no jobs." Mr. De La Rosa agreed, "Our job is to put people to work." They described a good job market in the area for the past few years but said there are still pockets of double-digit unemployment, such as in the valley. The Dallas area has less than 5% unemployment and Texas overall has between 5.5% and 5.8%.

Ms. Einsohn indicated that temporary workers make more money than full-time employees, but they receive no benefits. She summarized the reasons for the animosity of the professionals toward the temporary employees: "Employees don't understand the value of their benefits. As companies, we haven't done a good job educating employees about their benefits and what they cost. We have been very lax with our contractors and our independent consultants. They come and go when they please and they're making more money. They have all of the freedom, they get the increased pay, and so what is the reward for being our employee?" Mr. De La Rosa commented that one-third of the workforce at the First Company is temporary and there is a good relationship with full-time employees.

Flexibility. The Tarantula Corporation hires seasonal workers.

The Andrew Corporation follows traditional schedules for most employees. Only manufacturing people work flexible hours; they start earlier in the morning. There is no 4-day work week and she said this is not practical for parents who have children in daycare centers. Many employees work long hours such as 12 hour days for the engineers. Ms. Einsohn indicated that she would like to see more flexible hours for all employees.